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August 28, 2013

VIA E-MAIL AND OVERNIGHT DELIVERY

Mr. Keith Olinger, Enforcement Office (SFD-7-5)
U.S. EPA, Region 9
75 Hawthorne Street
San Francisco, CA 94105

Re: Information Request Letter Related to Stringfellow Superfund Site

Dear Mr. Olinger:

This submittal responds to the March 11, 2013 request for information ("RFI") of the United States Environmental Protection Agency ("EPA") to Aerojet-General Corporation ("Aerojet") with regard to the Stringfellow Superfund Site (the "Site") in Riverside County, California and a nearby facility operated by Aerojet. It is intended to supplement Aerojet's submittal of May 29, 2013 which had mistakenly omitted responses to questions 9 through 21. Although no additional documents were located, those previously provided are included with this submittal for purposes of completeness.

Please do not hesitate to call me if you have any questions or need additional information.

Very truly yours,

A handwritten signature in blue ink, appearing to read "William E. Hvidsten". The signature is fluid and cursive, with a long horizontal line extending to the right.

William E. Hvidsten

Enclosure

cc: Traci Garner

**RESPONSES OF AEROJET-GENERAL CORPORATION TO EPA REQUEST FOR
INFORMATION UNDER 42 U.S.C. §9604(e) DATED MARCH 11, 2013 PERTAINING TO
THE STRINGFELLOW SUPERFUND SITE IN RIVERSIDE, CALIFORNIA**

INTRODUCTORY COMMENTS

In responding to the RFI, Aerojet has undertaken a diligent and good faith search for, and review of, documents and information in its possession, custody or control and that are relevant to this matter. Aerojet also requested and received copies of documents from USEPA relating to the Aerojet's operations at its facility located near the Stringfellow Superfund Site ("Aerojet Facility"). Aerojet's response includes information from the documents provided by USEPA.

GENERAL OBJECTIONS

Aerojet asserts the following general privileges, protections and objections with respect to the RFI and each information request therein.

1. Aerojet asserts all privileges and protections it has in regard to the documents and other information sought by EPA, including the attorney-client privilege, the attorney work product doctrine, all privileges and protections related to materials generated in anticipation of litigation, the settlement communication protection, and any other privilege or protection available to it under law. In the event that a privileged or protected document has been inadvertently included among the documents produced in response to the RFI, Aerojet asks that any such document be returned to Aerojet immediately and here states for the record that it is not thereby waiving any available privilege or protection as to any such document.
2. Aerojet objects to Instruction 1 to the extent it seeks to require Aerojet, if information responsive to the RFI is not in its possession, custody, or control, to identify any and all persons from whom such information "may be obtained." Aerojet is aware of no obligation that it has under Section 104(e) of CERCLA to identify all other persons who may have information responsive to EPA information requests and is not otherwise in a position to identify all such persons who may have such information.
3. Aerojet objects to the definition of "identify" referred to in Instruction 5 as, contrary to that instructions, there is no definition of "identify". Without waiving that objection, Aerojet will utilize the commonly understood meaning of "identify".
4. Aerojet objects to Instruction 6 on the ground that EPA has no authority to impose a continuing obligation on Aerojet to supplement these responses. Aerojet will, of course, comply with any lawful future requests that are within EPA's authority.
5. Aerojet objects to the definition of "the company," in Definition 1 because the terms are overbroad and it is not possible for Aerojet to answer questions on behalf of all the persons and entities identified therein. Notwithstanding this objection, and without waiving that objection, Aerojet has undertaken a diligent and good faith effort to locate and furnish documents and information in its possession, custody, and control that are responsive to the RFI.

6. Aerojet objects to the RFI's definition of "document" or "documents" in Definition 9 to the extent it extends to documents not in Aerojet's possession, custody, or control. Aerojet disclaims any responsibility to search for, locate, and provide EPA copies of any documents "known by Aerojet to exist" but not in Aerojet's possession, custody, or control.

RESPONSES TO MARCH 11, 2013 EPA INFORMATION REQUEST

- 1. State the full legal name, address, telephone number, position(s) held by, and tenure of the individual(s) answering any of the questions below on behalf of the Company.*

Response: William Hvidsten, Senior Counsel, Environmental, prepared the response to this Information Request based on the information available for review in Aerojet's files and from the information provided by USEPA and the California Department of Toxic Substances Control. Mr. Hvidsten's contact information is as follows- 2001 Aerojet Road, Rancho Cordova, CA 95742; Telephone- 916-351-8524; william.hvidsten@aerojet.com.

- 2. Identify the individuals who are or were responsible for environmental matters for Aerojet's operations located in or near Pyrite Canyon near Glen Avon, California (the "Site"). Henceforth, the term "Site" shall be interpreted to include all real property surrounding the former Stringfellow hazardous waste disposal site and any improvements thereto. For each individual responsible for environmental matters, provide his/her full name, current or last known address, current or last known telephone number, position titles, and the dates each individual held such position.*

Response: Aerojet has been unable to identify any individual affiliated with Aerojet who had specific responsibility for environmental matters at the Site during Aerojet's operations at the site from approximately 1959 to 1965. Handwritten notes from DTSC, circa 1982, indicate a telephone interview with Richard O'Brien, Director of Environmental Affairs for Aerojet. Aerojet has been unable to locate Mr. O'Brien. While he did not have responsibility for environmental matters, Aerojet has identified Mr. Gene Baguley who worked at the site during the ownership by Rheem and Aerojet. Mr. Baguley was in charge of the materials division at the site.

- 3. Provide the dates that Aerojet, under any of its current or former business structures, operated at the Site. Provide a description of Aerojet's operations, including all activities related to aerospace and defense research and testing.*

Response: Aerojet operated at the Site from 1959 to 1965 as part of its Ordnance Division. A Company document attached hereto (Bates stamped AGC 000000001) described the Site as the "Riverside Explosive-Loading Facility" and provided the following description.

"Aerojet's explosive-loading facility (located near Riverside, California) covered approximately 6 acres in the center of a buffer area of 185 acres. Nine separate buildings with a combined floor area of 19,000 sq. ft. were allocated to loading and assembly operations....Explosive-loading operations were conducted on such ordnance items as primers, detonators, igniters, and explosive charges for special fragmentation devices. Explosives handled at the facility included Composition B, RDX, HMX, tetryl, CH-6, Composition A-3, TNT, and lead azide and styphnate. Available at the explosive-loading facility were explosive presses (with a capacity of 150 tons pressure), a melt-pour capability of up to 600 lb, and

loading lines used in the production of detonators and safety-arming devices. In the loading line, high-reliability detonators and primers were loaded under controlled conditions, assembled, X-rayed, and production-tested. Thorough quality-control procedures were in effect through the loading operation, from receiving to shipping.

Special equipment and facilities available at this facility included Lepel induction-brazing and solder units and a 250-kv X-ray unit (supported by two chemical laboratories). All buildings in which primer materials were handled were humidity controlled at 70% relative humidity. The Riverside facility has available a storage capacity of 120,000 lb of high explosives at the Fontana Magazine Storage Area.

At peak production during 1963, the facility employed approximately 500 workers engaged in high rate production working a 3-8-5- on three major programs: T378 explosive segment, BLU-3 fuzes and BLU-4fuzes, making only shipments to (LOP) Louisiana Ordnance Plant and (MOP) Milan Ordnance Plant.

Also, numerous R&D and miscellaneous small ordnance contracts for Picatinny Arsenal and Sandia Corporation and Minuteman AODS system for Aerojet Sacramento.”

4. *Identify and describe the portion(s) of the Site where Aerojet conducted operations, and provide a copy of each lease agreement, subcontract agreement, and other document which establishes Aerojet's relationship to the real property owner(s) during the time period of its operations at, or occupancy of, the Site.*

Response: By agreement dated May 28, 1959 by and between Aerojet and Rheem Manufacturing Company (Rheem) Aerojet purchased certain property and assets of Rheem. As part of that agreement and in addition to the purchase of other properties and interests, Aerojet purchased the leasehold interest under a December 1, 1957 lease between Stringfellow Quarry, a partnership consisting of James B. Stringfellow, Jr., E. Moe McCook and Lawrence E. Nutt, partners, as lessor and Rheem for what was described as the Riverside facilities, and all leasehold improvements appurtenant thereto. A copy of the agreement (Bates stamp AGC 000000002 – AGC 0000000024) and referenced lease (AGC 0000000031- AGC 0000000041) are provided in the attachments. Aerojet assigned the lease to Teledyne, Inc. by agreement dated July 14, 1965. See attachment AGC 0000000042 - AGC 0000000062. See also responses above.

5. *Provide a scaled map of the Site that shows where Aerojet conducted operations. The map should include the locations of significant buildings, equipment and geographical features. Indicate the locations of all chemical and waste storage areas, and the areas where the testing of any rocket fuels, propellants or explosives was conducted.*

Response: See attached photographs (AGC 0000000025 - AGC 0000000030).

6. *Provide a list of all chemicals and hazardous substances used by Aerojet at the Site, identifying the chemical composition and quantities used. Provide copies of Material Safety Data Sheets*

("MSDSs") for all hazardous substances used.

Response: Other than the description provided in response to Request of Information No. 3, Aerojet has not located any information responsive to this request.

7. *If explosives or blasting agents were manufactured or used in Aerojet's operations at the Site, provide a complete list of the explosives and blasting agents and their chemical components, the time period that the respective explosives and blasting agents were manufactured or used, and a map showing the locations where the respective explosives and blasting agents were stored and detonated. Provide copies of MSDSs for all explosives and blasting agents.*

Response: Other than the description provided in response to Request of Information No. 3, Aerojet has not located any information responsive to this request.

8. *If rocket fuel or propellants were manufactured or used in Aerojet's operations at the Site, provide a complete list of the rocket fuel and propellants and their chemical components, the time period that the respective rocket fuel and propellants were manufactured or used, and a map showing the locations where the respective rocket fuels and propellants were stored and tested. Provide copies of MSDSs for all rocket fuel and propellants.*

Response: Based on the information available to it, Aerojet believes that its operation at the Site dealt exclusively with ordnance and had nothing to do with rocket fuel or propellants.

9. *If any substance containing perchlorate was utilized in Aerojet's operations at the Site, provide a complete description of those operations. Indicate the approximate volume of perchlorate substances used per month at the Site by the company, the dates perchlorate substances were used, and the storage and disposal practices in effect during Aerojet's operations at the Site for materials containing perchlorate. Include all documentation referencing or detailing Aerojet's use and disposal of perchlorate-containing substances.*

Response: Based on the information available to it, Aerojet's operation at the Site dealt exclusively with ordnance and did not involve the use of perchlorate or substances containing perchlorate.

10. *Provide copies of hazardous material business plans and chemical inventory forms (originals and updates) submitted by Aerojet to city, county, and state agencies for the Site*

Response: Aerojet has conducted a good faith inquiry for hazardous material business plans and chemical inventory forms and has not located any such documents relating to the Site.

11. *Please identify all leaks, spills, or other releases into the environment of any hazardous substances or pollutants or contaminants that have occurred at or from the Site. In addition, identify and provide supporting documentation of*

- a. The date each release occurred,*
- b. The cause of each release,*
- c. The amount of each hazardous substance, waste, or pollutant or contaminant released during each release;*
- d. Where each release occurred and what areas were impacted by the release; and*
- e. Any and all activities undertaken in response to each release, including the notification of any*

local, state, or federal government agencies about the release

Response: Based on the information available to it, Aerojet is not aware of any leaks, spills or other releases into the environment of any hazardous substances or pollutants or contaminants at or from the Site.

12 Provide copies of all sampling and investigation reports for the Site that contain the laboratory or field analyses of the soil quality and water quality of the aquifers, mine water, surface water, pit lake, tailing pond discharges, and receiving streams, including a map showing the sampling locations.

Response: Aerojet has not located any information responsive to this request.

13. Describe all waste materials generated from Aerojet's operations at the Site. Provide information the storage and disposal methods for each waste, the frequency of disposal, and quantities of waste generated annually. Provide copies of all manifests or other documents evidencing Aerojet's offsite disposal of wastes from the Site.

Response: Based on the information available to it, Aerojet generated packaging materials and municipal type waste in its operations. Aerojet constructed and utilized a large burn oven for the disposition of its wastes. Towels used to wipe off lead azide from equipment may also have been used at the Site and incinerated in the burn oven. Utilization of the burn oven for incineration of wastes may have occurred on an approximately weekly basis. Aerojet has not located any information relating to any off-site disposal of wastes.

14. State whether any fuels, propellants, explosives or other substances or devices that were used in Aerojet's operations are still stored at the Site, and whether any bunkers or other storage locations remain at the Site. Indicate on a map the current storage locations of these substances and devices

Response: Aerojet has not operated at the Site since its departure in approximately 1965. To the best of its knowledge, no materials related to its use of the facility remain at the Site.

15 Provide copies of all state and federal permits related to Aerojet's operations at the Site, including permits that Aerojet obtained on behalf of other entities.

Response: Aerojet has not located any information responsive to this request.

16. Information provided to EPA indicates that Aerojet may have formerly operated at the Site as a contractor to the U.S. Government. State whether any indemnification or hold harmless agreements exist between the U.S. Government and Aerojet with regard to operations at the Site, and provide

copies of all such agreements in your possession. Identify the government agencies with whom Aerojet contracted during the period that it conducted operations in Pyrite Canyon.

Response: Aerojet had contracts with the United States Government on which work was conducted at the Site. See Response to No. 3. Aerojet has not located any specific contracts related to those programs or indemnification or hold harmless agreements that may have been contained therein.

- 17. Identify and provide last known contact information for all prior and subsequent operators/occupants and property owners of the portion(s) of the Site where Aerojet operated. Provide the time period of each party's operations or ownership, and describe the type of operations each conducted at the Site.*

Response: See prior responses regarding Rheem's operations and the lease with Stringfellow Partnership. The documentation provided by the State of California and included in this response also refers to subsequent operations at the Site. Aerojet has no independent recollection of those operations and cannot attest to their accuracy. Aerojet is aware that after its departure from the Site, vandals reportedly stripped out salvageable metals.

- 18. Information provided to EPA indicates that a company called Rheem Manufacturing Company formerly operated at the Site sometime prior to World War II through at least 1959. Provide all information and documentation in the Company's possession that describes or evidences Rheem Manufacturing Company's operations at the Site.*

Response: See Response to No. 4.

- 19. Research indicates that in May 1959, Aerojet bought a defense-related business in Downey, California from Rheem Corporation or Rheem Manufacturing Company, and combined it with a previously-acquired defense business to form Aerojet's Ordnance Division. Describe this transaction and state whether the Rheem business that Aerojet acquired included Rheem's assets or business located in or near Pyrite Canyon. Provide complete, executed copies of the 1959 transaction documents pursuant to which Aerojet purchased the Rheem business.*

Response: See Response to No. 4.

- 20. Information provided to EPA indicates that prior to 1965, a company known variously as "Space-X," "Space Omnificent Industries," or "Space-General Corporation" may have operated as a government contractor and used perchlorate in the manufacture and testing of explosives, rocket fuel, and other propellants at the Site. To the best of the Company's knowledge, provide the time period during which this company operated, a map showing the locations of its operations, and a description of the type of operations it conducted.*

Response: Aerojet acquired the stock of Space Electronics Corporation from Pacific Automation Products, Inc. in 1960 and created the subsidiary Space-General Corporation. That entity was merged into Aerojet in 1967. The entity's operations were located in El Monte, CA. The entity was involved in research, development and manufacturing with respect to such programs involving electronics, environmental/meteorological, microwave technology and sounding rockets. Aerojet has not located any information that would

indicate any operations at or near Pyrite Canyon.

Aerojet has not located any information indicating any corporate relationship with companies known as Space-X or Space Omnificent Industries.

21. *Information provided to EPA indicates that prior to 1980, other companies that used perchlorate in the manufacture and testing of explosives, rocket fuel, and other propellants operated at the Site. To the best of the Company's knowledge, identify any operators at the Site who may have used perchlorate. Provide the time period during which each operated, a map showing the locations of their operations, a description of the type of operations each conducted, and all documentation in the Company's possession which relates to any other parties who conducted such manufacturing and testing operations or whose operations may have involved perchlorate-containing substances.*

Response: Aerojet has not located any information responsive to this request.

Loading Facilities. The several manufacturing facilities operated by Aerojet are briefly described in the following sections.

Riverside Explosive-Loading Facility. Aerojet's explosive-loading facility (located near Riverside, California) covered approximately 6 acres in the center of a buffer area of 185 acres. Nine separate buildings with a combined floor area of 19,000 sq. ft. were allocated to loading and assembly operations. (Figure ____.) Explosive-loading operations were conducted on such ordnance items as primers, detonators, igniters, and explosive charges for special fragmentation devices. Explosives handled at the facility included Composition B, RDX, HMX, tetryl, CH-6, Composition A-3, TNT, and lead azide and styphnate. Available at the explosive-loading facility were explosive presses (with a capacity of 150 tons pressure), a melt-pour capability of up to 600 lb, and loading lines used in the production of detonators and safety-arming devices. In the loading line, high-reliability detonators and primers were loaded under controlled conditions, assembled, X-rayed, and production-tested. Thorough quality-control procedures were in effect through the loading operation, from receiving to shipping.

Special equipment and facilities available at this facility included Lepe1 induction-brazing and solder units and a 250-kv X-ray unit (supported by two chemical laboratories). All buildings in which primer materials were handled were humidity controlled at 70% relative humidity. The Riverside facility has available a storage capacity of 120,000 lb of high explosives at the Fontana Magazine Storage Area.

At peak production during 1963, the facility employed approximately 500 workers engaged in high rate production working a 3-8-5 on three major programs: T378 explosive segment, BLU-3 fuzes and BLU-4 fuzes, making only shipments to (LOP) Louisiana Ordnance Plant and (MOP) Milan Ordnance Plant.

Also, numerous R&D and miscellaneous small ordnance contracts for Picatinny Arsenal and Sandia Corporation and Minuteman AODS system for Aerojet Sacramento.

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File: CAD
Rheem, Inc.

A G R E E M E N T

AGREEMENT made May 28, 1959 by and between AEROJET-GENERAL CORPORATION, an Ohio corporation (herein called "Aerojet"), and RHEEM MANUFACTURING COMPANY, a California corporation (herein called "Rheem").

W I T N E S S E T H :

In consideration of the mutual agreements hereinafter contained and subject to the several conditions hereinafter set forth, the parties hereto do hereby agree as follows:

Section I. Sale and Purchase of Property and Assets.

1.01. Rheem agrees to sell to Aerojet on the closing date, and Aerojet agrees to purchase, the following:

(a) All real property and improvements thereon owned by Rheem and located within the City of Downey, California and hereinafter sometimes referred to as the Downey facilities, said real property and improvements being more particularly described in Exhibit A hereto.

(b) The leasehold interest under a certain lease dated July 1, 1956 between the Northwestern Mutual Life Insurance Company as lessor and Rheem as lessee covering the properties described therein, and hereinafter sometimes referred to as Building E, and all leasehold improvements appurtenant thereto.

(c) The leasehold interest under a certain lease dated December 1, 1957 between Stringfellow Quarry, a partnership consisting of James B. Stringfellow, Jr., E. Moe McCook and

Lawrence E. Nutt, partners, as lessor and Rheem as lessee covering the properties described therein, and hereinafter sometimes referred to as the Riverside facilities, and all leasehold improvements appurtenant thereto.

(d) Such of the leasehold interests in real or personal property listed in Exhibit B hereto as Aerojet shall elect to acquire from Rheem, such election to be made by written notice delivered to Rheem by Aerojet on or prior to the closing date.

(e) All tangible personalty owned by Rheem and located at the properties referred to in paragraph 1.01 (a), (b), (c) above, unless otherwise expressly excluded by the terms of this Agreement.

(f) All tangible personalty owned by Rheem and located at the real properties referred to in paragraph 1.01 (d) above, unless otherwise expressly excluded by the terms of this agreement, and whether or not Aerojet elects to acquire or not acquire the properties referred to in paragraph 1.01 (d).

(g) The irrevocable right and license without any fee or charge, other than the consideration for this agreement, to practice engineering, development and manufacturing techniques, processes, designs, inventions, patent applications, patents, copyrights or copyrightable material owned by Rheem or as to which Rheem has a right to grant such license, trade names, trademarks, rights in data and proprietary rights, to the extent necessary to enable Aerojet to perform under or in connection with all Rheem contracts referenced in this Agreement, and also under or in connection with subsequent contracts similar to those in effect on the closing date of this agreement, and on which such rights are being or have been utilized, including the right to grant to the Government all rights and licenses required by it. Should Aerojet desire the right to use, or license its sublicensees

to use, any such engineering, development or manufacturing techniques, processes, designs, inventions, patent applications, patents, copyrights or copyrightable material, trade names, trademarks, rights in data and proprietary rights, above-mentioned, for any purpose whatsoever including use in future contracts dissimilar to those referenced in this Agreement, Rheem shall make such right available to Aerojet for use anywhere in the world at a fee or charge no less favorable than that extended to its most favored licensee for the country involved, and if there be no licensee in such country, then upon reasonable terms.

1.02. Effective as of the closing date, and subject to the obtaining of any necessary consents or approval by or from the other persons thereto and/or the United States Government, Rheem assigns, transfers and conveys to Aerojet the right, title and interest in the then executory portion of such Rheem uncompleted cost-plus-fixed-fee and facilities contracts as are listed in Exhibit C attached hereto and Aerojet assumes all remaining obligations thereunder. In respect to all such uncompleted contracts listed in Exhibit C, Rheem and Aerojet shall cooperate in exercising their combined best efforts to secure the due execution of Transfer Agreements by which Aerojet shall be recognized by the customer as the transferee of such contracts.

1.03. Effective as of September 30, 1959 and subject to obtaining the necessary consents or approvals from the necessary parties thereto, and/or the U. S. Government, Rheem grants to Aerojet the option to require Rheem to assign, transfer and convey all right, title and interest in the then executory portions of any one or more of the contracts listed in Exhibit D attached hereto at the price and on the terms and conditions set forth in paragraph 2.05 below, and in the event of the exercise of such option Aerojet agrees to perform the remaining obligations under such contract. To

the extent that Aerojet shall exercise its option in respect to any of the contracts listed in Exhibit D, Rheem and Aerojet shall cooperate in exercising their combined best efforts to secure the due execution of Transfer Agreements by which Aerojet shall be recognized by the customer as the transferee of such contracts.

1.04. The remainder of uncompleted contracts at the properties referred to in paragraph 1.01 (a), (b) and (c) above, are listed in Exhibit E attached hereto, but this Agreement does not contemplate any transfer of interest to, or assumption of performance by, Aerojet with respect thereto.

1.05. In the event that any new cost-plus-fixed-fee contracts are received by Rheem at the properties referred to in paragraph 1.01 (a), (b) and (c) above, on and after the date of this Agreement, then effective as of the date of their receipt, Rheem shall transfer and Aerojet shall assume each such contract in the same manner as provided in paragraph 1.02 above.

1.06. In the event that any new contracts, other than cost-plus-fixed-fee, are received by Rheem at the properties referred to in paragraph 1.01 (a), (b) and (c) above, on and after the date of this Agreement, then effective as of the date of their receipt, Rheem shall transfer and Aerojet shall assume each such contract in the same manner as provided in paragraph 1.03 above.

1.07. Rheem will furnish to Aerojet complete information respecting all purchase commitments outstanding and unfilled as of the closing date relating to Rheem's operations at the properties referred to in paragraph 1.01 (a), (b) (c) and (d) above, and at the closing date will assign to Aerojet (to the extent Rheem has the power so to do) all such purchase commitments reasonably required in connection with the contracts being assumed or performed by Aerojet hereunder as determined by Aerojet. In making such determination Aerojet shall exercise reasonable business judgment.

1.08. This Agreement shall not be construed to cover the sale or the purchase of any assets nor the assumption of any liabilities not referred to herein, and Rheem shall retain all rights and properties and remain liable for all obligations not mentioned, specifically including Rheem's accounts receivable and payable arising out of Rheem's operations at the properties referred to in paragraph 1.01 (a), (b), (c) and (d) above.

1.09. Except as hereinafter expressly provided, the price for all of the aforesaid real and personal property and assets described in paragraph 1.01 above, shall be \$4,705,636.00, payable in cash at the closing hereinafter provided for.

1.10. The price specified above in paragraph 1.09 does not include the price of any inventories (being all items normally classified as such on Rheem's books of account) on hand at the properties described in paragraph 1.01 (a), (b), (c) and (d) above as of the closing date. Rheem agrees to sell and Aerojet agrees to purchase so much of the inventories of all raw materials and purchased parts covered by this paragraph 1.10 which are reasonably necessary to the performance of Aerojet's work. This shall not impose on Aerojet any obligation to purchase obsolete, defective, sub-standard items nor to purchase items in excess of Aerojet requirements. The price of such purchased parts and raw material shall be the lower of cost or market, which cost or market shall be determined as of May 31, 1959. Such physical inventories shall be taken and completed within two days after May 31, 1959. The physical inventory count and the posting and pricing thereof shall be performed by employees or agents of Rheem, and employees or agents of Aerojet shall be entitled to participate therein to the extent desired by Aerojet.

1.11. Aerojet will pay the cost of recording the deed of the real property described in Exhibit A, and one-half of any escrow fee incurred in connection with the transfer of said real property.

1.12. Aerojet will pay a share, determined pro rata as of the closing date, of all prepaid rent under the leases assigned to Aerojet hereunder, and of all other prepaid expenses or charges relating to the property to be transferred hereunder, such as utilities, cafeteria service or guard service, but excluding insurance.

1.13. Aerojet will pay a share, determined pro rata as of the closing date, of all real and personal property taxes for the tax year ending June 30, 1959 which have been paid by Rheem with respect to the property to be transferred hereunder.

1.14. Aerojet will pay, or will reimburse Rheem for the payment of, any sales or use taxes which may be imposed upon the transfers contemplated hereby or the subsequent use of the transferred assets by Aerojet.

1.15. The price to be paid to Rheem by Aerojet for the inventories or portions thereof, purchased by Aerojet in accordance with the provisions of paragraph 1.10 above shall be paid within thirty (30) days after such purchase. All other sums of money to be paid by either of the parties to the other pursuant to this Agreement shall be paid within thirty (30) days after they become due, except as may otherwise be expressly provided herein.

1.16. Aerojet will assume and agree to pay and perform all of the obligations of Rheem under all leases assigned by Rheem to Aerojet pursuant to this Agreement, and will hold Rheem harmless for any and all claims and liabilities arising after the closing date.

1.17. Rheem will pay the cost of federal documentary stamps required to be attached to the deed of the real property described in Exhibit A, and will pay one-half of any escrow fee incurred in connection with the transfer of said real property.

1.18. Rheem will pay a share, determined pro rata of the closing date, of any then unpaid charges for utilities, guard service, cafeteria service, or other services furnished to Rheem at the properties referred to in paragraph 1.01 (a), (b), (c) and (d).

1.19. Rheem will pay any unpaid real or personal property taxes on the property to be transferred hereunder with respect to the tax year ending June 30, 1959, subject, however, to the provisions of paragraph 1.13 above.

1.20. Rheem will transfer all rights, title and interest to any claim for refund of disputed personal property taxes (possessory interest taxes) from Los Angeles and/or Riverside Counties and/or municipalities relating to the taxable year beginning July 1, 1959 and relative to Government-owned property and inventories taxed under contracts that are hereinafter transferred to Aerojet under the terms of this Agreement. In the event Aerojet collects any refunds of disputed personal property taxes on the claims transferred to Aerojet under this paragraph 1.20 it shall pay to Rheem the excess of such collections over the amount which Aerojet is obliged to refund to the customers above referred to. Aerojet shall assume responsibilities and liabilities for personal property taxes relating to possessory interest assessed by Los Angeles and/or Riverside Counties and/or municipalities therein relating to United States Government title personal property located at the properties described in paragraphs 1.01 (a), (b) and (c) above and relating to taxable years after June 30, 1959 and Rheem shall assume all responsibilities and liabilities for such taxes relating to taxable years through June 30, 1959.

1.21. Title to all personal property and assets to be sold hereunder will be transferred to Aerojet on the closing date free and clear of all encumbrances, liens, charges and adverse claims whatsoever, except such encumbrances, liens, charges and adverse claims as are otherwise expressly specified in the terms of this Agreement.

1.22. As soon as practicable Rheem will obtain and deliver to Aerojet a preliminary title report covering the real property described in Exhibit A.

1.23. Aerojet acknowledges that it has received a title report from the Title Insurance and Trust Company dated May 5, 1959 and covering the real property being sold hereunder and agrees that the exceptions disclosed in such report are not objectionable to Aerojet.

1.24. Rheem will obtain and deliver to Aerojet at the closing as hereinafter provided, a title insurance policy covering said real property written by Title Insurance and Trust Company on its CLTA standard coverage policy. Such title policy shall show title to the real property described in Exhibit A to be vested in Aerojet free and clear of all liens and encumbrances except:

- (i) The lien of 1959-1960 taxes.
- (ii) Public utility and public roadway easements and rights of way.
- (iii) Encumbrances as do not materially affect the use, possession or value of said real property.

1.25. Rheem agrees to deliver to Aerojet all such further assurances, documents of title, or other instruments as may reasonably be required by Aerojet in order to effect the transfer of title to the property and assets to be purchased by Aerojet hereunder.

1.26. Without limiting any other agreements, representation and warranties of Aerojet as may be provided in this Agreement, Aerojet agrees, represents and warrants to Rheem that:

- (a) Aerojet is and will be on the closing date a validly existing corporation with full power and authority to enter into and carry out this Agreement, and that the execution and performance of this Agreement have been duly authorized by Aerojet's Executive Committee,

and further that this execution and performance by Aerojet will be presented for ratification by the Board of Directors of Aerojet prior to June 3, 1959 and in the event such execution and performance is not ratified by said Board, Rheem may rescind its execution of this Agreement and Aerojet shall forthwith restore to Rheem everything of value received by it from Rheem under the terms of this Agreement.

(b) In connection with the performance of this Agreement by Rheem, Aerojet waives compliance with any applicable bulk sales law.

(c) Aerojet will, from and after the closing date, hold Rheem harmless from any liability with respect to those purchase commitments assumed by Aerojet in accordance with the provisions of paragraph 1.07, to the extent such liability arises out of events occurring on and after the closing date.

1.27. Without limiting any other agreements, representations and warranties of Rheem as may be provided in this Agreement, Rheem agrees, represents and warrants to Aerojet that:

(a) Rheem is and will be on the closing date a validly existing corporation with full power and authority to enter into and carry out this Agreement, and that execution and performance of this Agreement have been duly authorized by Rheem's Board of Directors, and that it is the owner of the real property described in Exhibit A as of the closing date.

(b) The personal property and assets (other than inventory) to be transferred to Aerojet hereunder are substantially the same as those shown on the books of account of Rheem as of December 31, 1958 and April 30, 1959 as located at the properties referred to in paragraph 1.01 (a), (b), (c) and (d) above, except for changes occurring since said dates in the ordinary course of business, none of

which have been of such a nature as to materially affect the total value or the utility of such property and assets.

(c) Aerojet shall have access to all of the property and assets of Rheem pertinent to all operations at the properties referred to in paragraph 1.01 (a), (b), (c) and (d) above, and to all books of account and other records of Rheem respecting the conduct of its operations at said properties; wherever located, at all reasonable times throughout the period prior to the closing date; and Rheem shall furnish Aerojet with all information concerning Rheem's affairs with respect to such operations as Aerojet may reasonably request.

(d) Rheem, as lessee, is not in default in the performance of any of the obligations on its part to be performed under any of the leases to be assigned hereunder, and Rheem will hold Aerojet harmless from any and all claims and liabilities arising prior to the closing date. Rheem has and will have full power and authority to transfer said leasehold interests to Aerojet as herein provided.

(e) Between the execution hereof and the closing date, Rheem shall continue to conduct its business and operations at the properties referred to in paragraph 1.01 (a), (b), (c) and (d) above, in accordance with its usual and customary course of business. Rheem will not with respect to said operations enter into any contracts or take any action outside of the ordinary course of business without the approval of Aerojet; and Rheem will take all reasonable action necessary or appropriate to preserve the continuity of the business and operations at said facilities and the existing relationships between Rheem and its suppliers, subcontractors, labor union representatives, distributors and customers.

(f) Rheem will continue in force, or acquire, such insurance coverage on all properties which have not passed to Aerojet

as of the closing date, as Rheem deems advisable, and in the event Aerojet elects to acquire any or all of such properties under the terms of this Agreement, Rheem will not cancel insurance on properties so acquired without prior notice to Aerojet.

(g) For a period of five (5) years from closing date, Rheem will not directly solicit or accept work in any County within the State of California which is a follow-on to work under contracts performed or being performed by Rheem prior to closing date at the properties referred to in paragraph 1.01(a), (b), (c) and (d) above.

1.29. Rheem's obligations under this Agreement are subject to the fulfillment at or prior to the closing date of the following conditions precedent:

(a) All the representations and warranties of Aerojet herein shall then be true and correct.

(b) All the covenants and agreements of Aerojet herein to be performed at or prior to the closing date shall have been so performed.

(c) All documents to be delivered to Rheem at the closing shall have been so delivered.

1.30. Aerojet's obligations under this Agreement are subject to the fulfillment at or prior to the closing date of the following conditions precedent:

(a) All the representations and warranties of Rheem herein shall then be true and correct.

(b) All the covenants and agreements of Rheem herein to be performed on or prior to the closing date shall have been so performed.

(c) All documents to be delivered to Aerojet at the closing shall have been so delivered.

1. 31. The closing shall be on May 29, 1959 at the hour of 8:00 A. M. (Pacific DLST) unless another date and time shall be mutually agreed upon by the parties. A preliminary closing shall be held on the day prior to the closing date at the offices of O'Melveny & Myers, 433 South Spring Street, Los Angeles, California, at the hour of 10:00 A. M. (Pacific DLST). At the preliminary closing, Rheem shall deliver to Aerojet a general warranty bill of sale covering all of the personal property and assets to be transferred pursuant hereto, and appropriate instruments of assignment transferring to Aerojet all of Rheem's leasehold interests under the leases to be assigned to and assumed by Aerojet hereunder. At the preliminary closing, Aerojet shall deliver to Rheem appropriate instruments of assumption with respect to the assumption by Aerojet of Rheem's obligations under said assigned leases. At the preliminary closing, Aerojet shall deliver to Title Insurance and Trust Company a bank cashier's or certified check in the amount of \$4,705,636.00 payable to the order of Rheem, and Rheem shall deliver to Title Insurance and Trust Company a grant deed in favor of Aerojet covering the real property described in Exhibit A hereto, and the parties shall instruct Title Insurance and Trust Company to record said deed at the opening of business on the closing date, to promptly issue its title insurance policy showing title vested in Aerojet, and thereupon to deliver such title insurance policy to Aerojet and to deliver said check to Rheem. The closing shall be deemed to be complete when such title insurance policy and check are so delivered, and until such time the documents delivered at the preliminary closing shall not be deemed to be effective.

1. 32. If any material amount of the property or assets to be transferred hereunder is materially damaged by casualty prior to the closing, either party may at its option elect to terminate this Agreement.

Section II. Operational Matters.

2.01. Rheem shall deliver, on the closing date, possession of all property and assets transferred to Aerojet under the terms of this Agreement.

2.02. Rheem shall deliver to Aerojet, on the closing date, all records located at the properties referred to in paragraph 1.01 (a), (b), (c) and (d) above, and relating to the contracts to be performed by Aerojet hereunder. Aerojet will preserve said Rheem records for a period of six (6) years after the closing date, or such longer period as may be required to comply with contractual obligations to Rheem's customers or other parties to Rheem's contracts, and during said period will not destroy any of said material without the written consent of Rheem. Rheem and its representatives will have the right at all reasonable times for a period of six (6) years after the closing date, or such longer period as may be required to comply with contractual obligations to Rheem's customers or other parties to Rheem's contracts, to inspect, examine and make extracts from said records. Aerojet records covering operations at the foregoing properties will be similarly located, maintained and preserved to the access of Rheem and its representatives.

2.03. On the closing date, Aerojet will assume management and operation of the properties referred to in paragraph 1.01 (a), (b), (c) and (d), to the extent herein specified, and will exercise the best efforts of which it is capable to perform as efficiently and economically as possible, the remaining work under the contracts listed in Exhibits C and D, and under terms and conditions specified herein. Aerojet agrees to use its best efforts to transfer additional Aerojet business for performance at the properties referred to in paragraph 1.01 (a) and (b) in order that such properties may be utilized to the maximum feasible extent consistent with the efficient operations of Aerojet's other plants.

2. 04. With respect to the contracts listed in Exhibit C, or contracts referred to in paragraph 1. 05 above, and until such time as Transfer Agreements are secured in accordance with the intent of the parties as expressed in paragraph 1. 02 above, Rheem shall issue to Aerojet, and Aerojet shall accept purchase orders requiring Aerojet to perform the work necessary to complete performance under each of such contracts, and authorizing reimbursement for Aerojet's costs as determined in accordance with the provisions of paragraph 2. 06 below, All such purchase orders shall have been fully executed on the closing date, and shall be in the form and contain the terms and conditions set forth in Exhibit F hereto. With respect to the Exhibit C contracts, each party shall be entitled to allowance for its costs incurred under each such contract and Rheem shall be entitled to the portion of the fee amount as of closing date earned by reason of the percentage of completion of each contract on that date and Aerojet-General shall be entitled to any and all additional fee under such contract.

2. 05. With respect to the contracts listed in Exhibit D or contracts referred to in paragraph 1. 06 above and until such time as transfer agreements are secured in accordance with the intent of the parties as expressed in paragraph 1. 03 above, Rheem shall issue to Aerojet and Aerojet shall accept purchase orders in the form and containing the terms and conditions as set forth in Exhibit F attached hereto, requiring Aerojet to perform the work necessary to complete performance under each of such contracts and authorizing reimbursement for Aerojet costs in accordance with the Provisions set forth below. All such purchase orders shall have been fully executed on the closing date. As consideration for performance by Aerojet of the contracts listed in Exhibit D and so long as their performance is by way of purchase

order from Rheem to Aerojet, Aerojet shall receive its actual costs as actual costs are determined in accordance with paragraph 2.06 below. In the event of the exercise by Aerojet of the option right referred to in paragraph 1.03 above as to any one or more of the contracts listed in Exhibit D, Aerojet shall pay to Rheem as the purchase price for each such contract with respect to which the option is exercised, its standard inventory cost computed to the date such option is exercised. For the purpose of computing standard inventory costs, the overhead portion of such standard inventory costs shall be determined by applying an overhead rate which shall be the lower of either (1) the rate determined under paragraph 2.06 (c) below, or (2) in the case of fixed price bid contracts, the rate use by Rheem in preparing such bid and in the case of negotiated fixed price contracts, the rate included in the negotiated fixed price for the contract.

2.06. For the purposes of determination of the actual costs of Aerojet in performance of work under purchase orders from Rheem, the following principles shall apply:

(a) In determination of elements of cost and allocation of cost factors, the accounting methods and practices employed by Rheem prior to the closing date shall be continued except as hereinafter specified, and except as may be hereafter agreed between the parties.

(b) In general Aerojet shall incorporate in its cost determinations the factors of direct labor, materials, overhead and general and administrative expenses.

(c) In determining applicable overhead rate for work performed by Aerojet on Rheem production contracts during 1959, the average overhead rate of the production burden center for the

period June 1, 1959 through December 31, 1959 shall be used; in determining applicable overhead rate for work performed by Aerojet on Rheem engineering contracts during 1959, the average overhead rate of the engineering burden center for the period June 1, 1959 through December 31, 1959 shall be used.

(d) The applicable overhead rates for work performed by Aerojet on Rheem contracts in 1960 and thereafter, shall be the then current applicable rates.

(e) In determining material costs, raw materials inventory purchased by Aerojet as of closing date, and materials and components obtained by reason of Rheem purchasing commitments assumed by Aerojet, shall be charged at actual cost as requisitioned for use.

(f) Nothing hereinabove contained shall be construed as precluding reimbursement to Aerojet of its actual costs of work under such purchase orders.

(g) In determining general and administrative costs, there shall be excluded interest expenses. Costs incurred by Aerojet at locations other than Downey and Riverside shall not be allowed except as such costs are incurred in the replacement of functions currently being performed at Downey, and then only when such replacement is no more costly.

(h) In determination of any overhead rate to be assigned as an element of cost by Aerojet in the performance of work under the Rheem contracts, notwithstanding anything herein contained to the contrary, such rate shall not exceed the separate overhead rates established for the production work and engineering work burden centers, which shall be determined by Price Waterhouse

period June 1, 1959 through December 31, 1959 shall be used; in determining applicable overhead rate for work performed by Aerojet on Rheem engineering contracts during 1959, the average overhead rate of the engineering burden center for the period June 1, 1959 through December 31, 1959 shall be used.

(d) The applicable overhead rates for work performed by Aerojet on Rheem contracts in 1960 and thereafter, shall be the then current applicable rates.

(e) In determining material costs, raw materials inventory purchased by Aerojet as of closing date, and materials and components obtained by reason of Rheem purchasing commitments assumed by Aerojet, shall be charged at actual cost as requisitioned for use.

(f) Nothing hereinabove contained shall be construed as precluding reimbursement to Aerojet of its actual costs of work under such purchase orders.

(g) In determining general and administrative costs, there shall be excluded interest expenses. Costs incurred by Aerojet at locations other than Downey and Riverside shall not be allowed except as such costs are incurred in the replacement of functions currently being performed at Downey, and then only when such replacement is no more costly.

(h) In determination of any overhead rate to be assigned as an element of cost by Aerojet in the performance of work under the Rheem contracts, notwithstanding anything herein contained to the contrary, such rate shall not exceed the separate overhead rates established for the production work and engineering work burden centers, which shall be determined by Price Waterhouse

and Company, as representing the actual applicable overhead rates based on allocable overhead costs for the period from January 1, 1959 through May 31, 1959, except that as to the portion of such overhead rates which shall incorporate payroll costs, including fringe benefits, in lieu of actual allocable costs over such period, the rate of the payroll costs in effect as of May 15, 1959 shall be used.

2.07. Aerojet shall, after the close of each month, submit invoices to Rheem for work previously performed but not invoiced, covering amounts determined in accordance with the provisions of this Agreement, and Rheem shall pay such invoices within thirty (30) days thereafter. For invoicing purposes only, overhead rates shall be assigned on the following basis:

(a) For the month of June, 1959, the applicable Rheem overhead rates for May, 1959 shall be used.

(b) For the month of July, 1959, the average applicable rates for the months of May and June, 1959, shall be used.

(c) For each successive month thereafter through December, 1959, the average applicable rates for the period of months commencing in May, 1959 and ending with the last preceding month shall be used.

(d) For 1960, and thereafter, the applicable rates determined pursuant to paragraph 2.06.

2.08. For contract work performed by Aerojet during the year 1959, Aerojet shall, as soon as practicable after the close of such year, make a determination of its average actual overhead rates, in accordance with the provisions of this Agreement, based on the period June 1, 1959 through December 31, 1959. Such overhead rates, or the

rates referred to in paragraph 2.06 (c) above, whichever applicable rates are lower, shall be applied to all work performed by Aerojet after June 1, 1959 and prior to any applicable Transfer Agreement. If the cumulative total of monies paid to Aerojet for the period June 1, 1959 through December 31, 1959 are higher by reason of applying overhead rates in excess of those specified in paragraph 2.06 (c) above, Aerojet shall credit any excess caused thereby to Rheem. A similar adjustment shall be made in 1960 and subsequent years, for work performed, if any.

2.09. Prior to notice of Aerojet's election for transfer of any contract, Rheem reserves the right to terminate, for reasonable cause, the performance by Aerojet of any work under any or all of purchase orders issued to Aerojet in accordance with the provisions of this Agreement, at any time by written notice, subject to payment to Aerojet for its actual costs plus any applicable fee incurred through the time of termination. In the event, however, that Rheem terminates performance of any work under any such purchase orders, as above provided, Aerojet shall have the right from ten (10) days after the giving of notice of intent to negotiate for termination or two (2) days after notice of termination, whichever is longer, to elect to exercise, in respect to the contracts under which such purchase orders were issued, its option under paragraphs 1.02 or 1.03 above. For the purpose of eliminating losses Rheem reserves the right to negotiate with any customer or to enter into any agreement arising from such negotiations with a view to the cancellation or reduction in scope of any such contract. Rheem will not negotiate with the customer or enter into any agreement to cancel or reduce the scope of any contract which will materially adversely affect Aerojet's operation of the Downey Plant or for the purpose of entering into competition with Aerojet.

2.10. In respect to performance by Aerojet under purchase orders issued by Rheem, Rheem reserves the right to inspect the performance of work by Aerojet at all reasonable times, to review methods of performance and procedures of Aerojet and to make recommendations to Aerojet concerning performance of such work. Rheem's rights under this paragraph shall not terminate until such time as one or more of the Transfer Agreements contemplated under paragraph 1.02 or 1.03 above and to which covers such work applies, have been effected.

2.11. Each party shall conduct its own negotiations with its customers but each shall keep the other fully informed as to matters of common interest. Neither party shall take any position inconsistent with the best interest of the other without prompt communication of such position to such other party.

Section III. Employee Severance and Benefit Arrangements.

3.01. It is agreed that Rheem shall terminate the employment status of all of its personnel regularly assigned to the properties referred to in paragraph 1.01 (a), (b), (c) and (d) above, as of the closing date, except that Rheem shall retain as employees those persons identified in Exhibit G which it considers necessary for purposes of Contract Administration, and also those employees identified in Exhibit H as were regularly assigned to the Rheem Corporate Research and Development Department. All Rheem Corporate Research and Development Department employees retained by Rheem shall be relocated to a Rheem facility within thirty (30) days after the closing date.

3.02. Aerojet agrees to hire the Rheem personnel who are regularly assigned at the properties referred to in paragraph 1.01 (a), (b), (c) and (d) above, except those retained by Rheem pursuant to the provisions of paragraph 3.01 above, and except those which are not considered necessary by Aerojet for the continuation of operations at such properties.

Section IV. General

4.01. It is understood that as a result of operations at the properties referred to in paragraph 1.01 (a), (b), (c) and (d) above, the parties have incurred or will incur certain contingent and/or actual liabilities in connection with contracts which were performed, are being performed and/or are to be performed either by Rheem for its own account, or by Aerojet for Rheem's account or by Aerojet for Aerojet's account. In the event that either party is obliged to incur any costs in discharging any of the other party's above-mentioned liabilities, the other party shall reimburse the party incurring such costs for all costs so incurred which are attributable to work performed by the other party.

4.02. Notices pertaining to this Agreement shall be sufficiently given if deposited in the United States mail, postage prepaid, addressed to the respective parties at the following addresses:

To Rheem: Rheem Manufacturing Company
400 Park Avenue
New York, New York
Attention: Treasurer

Copy to: L. M. Limbach
11711 Woodruff Avenue
Downey, California

To Aerojet: Aerojet-General Corporation
Post Office Box 296
Azusa, California
Attention: Secretary

Copy to: General Tire and Rubber Company
1708 Englewood Avenue
Akron, Ohio
Attention: Secretary

4.03. This Agreement shall be construed according to the laws of the State of California.

4.04. Any disputes arising in connection with any of the terms or provisions of this Agreement shall be submitted to arbitration in accordance with the provisions of Sections 1280 through 1293 as amended, of the California Code of Civil Procedure.

4.05. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties.

4.06. Waiver of any default hereunder, or failure by the injured party to take action with respect to any such default, shall not be deemed a waiver by such injured party of any other or further default, or a modification of any of the terms of this Agreement.

4.07. If any of the provisions of this Agreement shall prove to be unenforceable, the enforceability of the remaining provisions hereof shall not be affected thereby.

4.08. Rheem represents that all its disclosures connected with this Agreement contain nothing which would be materially misleading, either to Aerojet or Aerojet's representatives; and that it has not withheld any information connected with this Agreement as would be materially misleading to Aerojet or Aerojet's representatives.

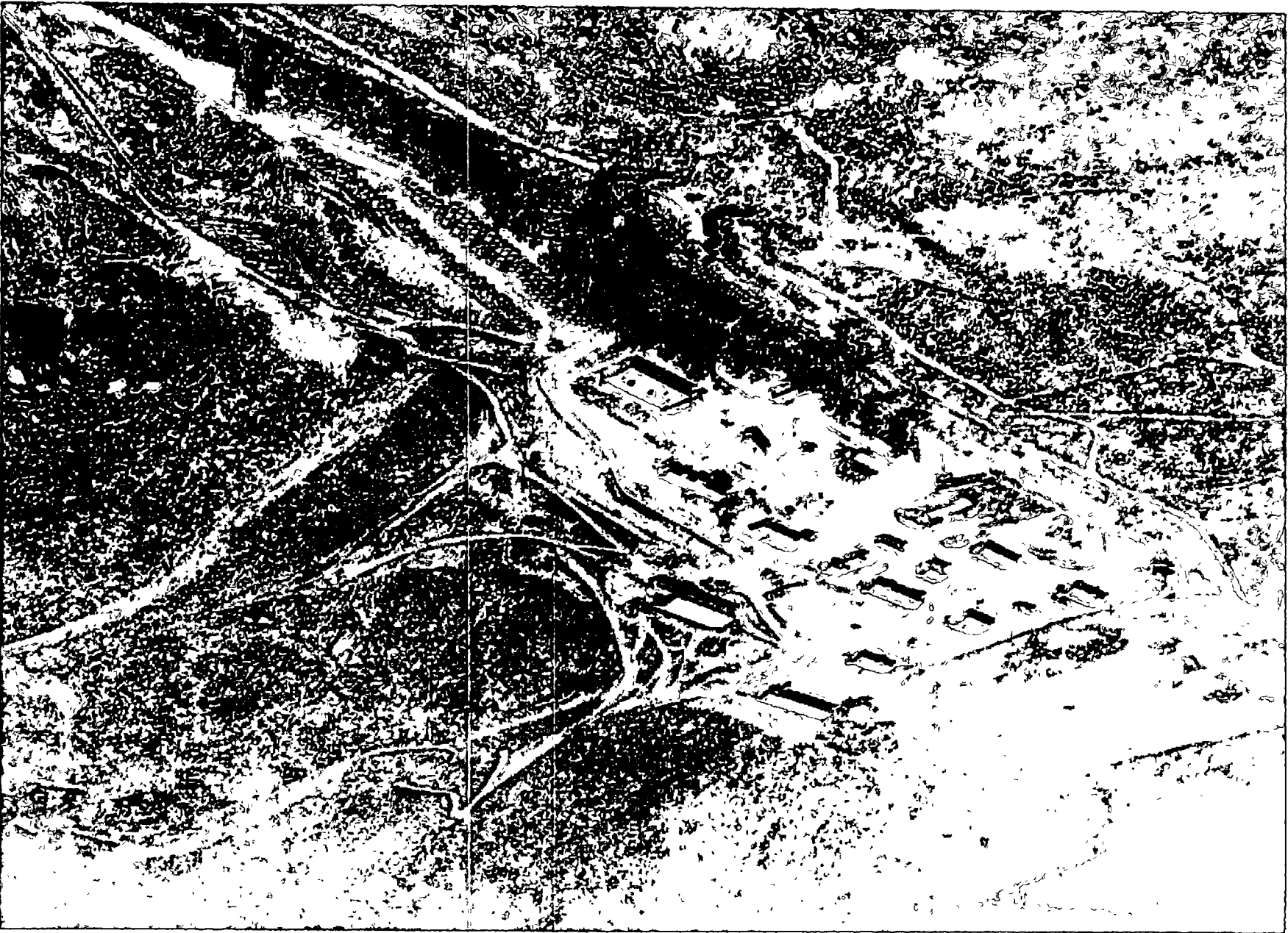
WITNESS the due execution hereof by the parties hereto as of the date first above written.

RHEEM MANUFACTURING COMPANY

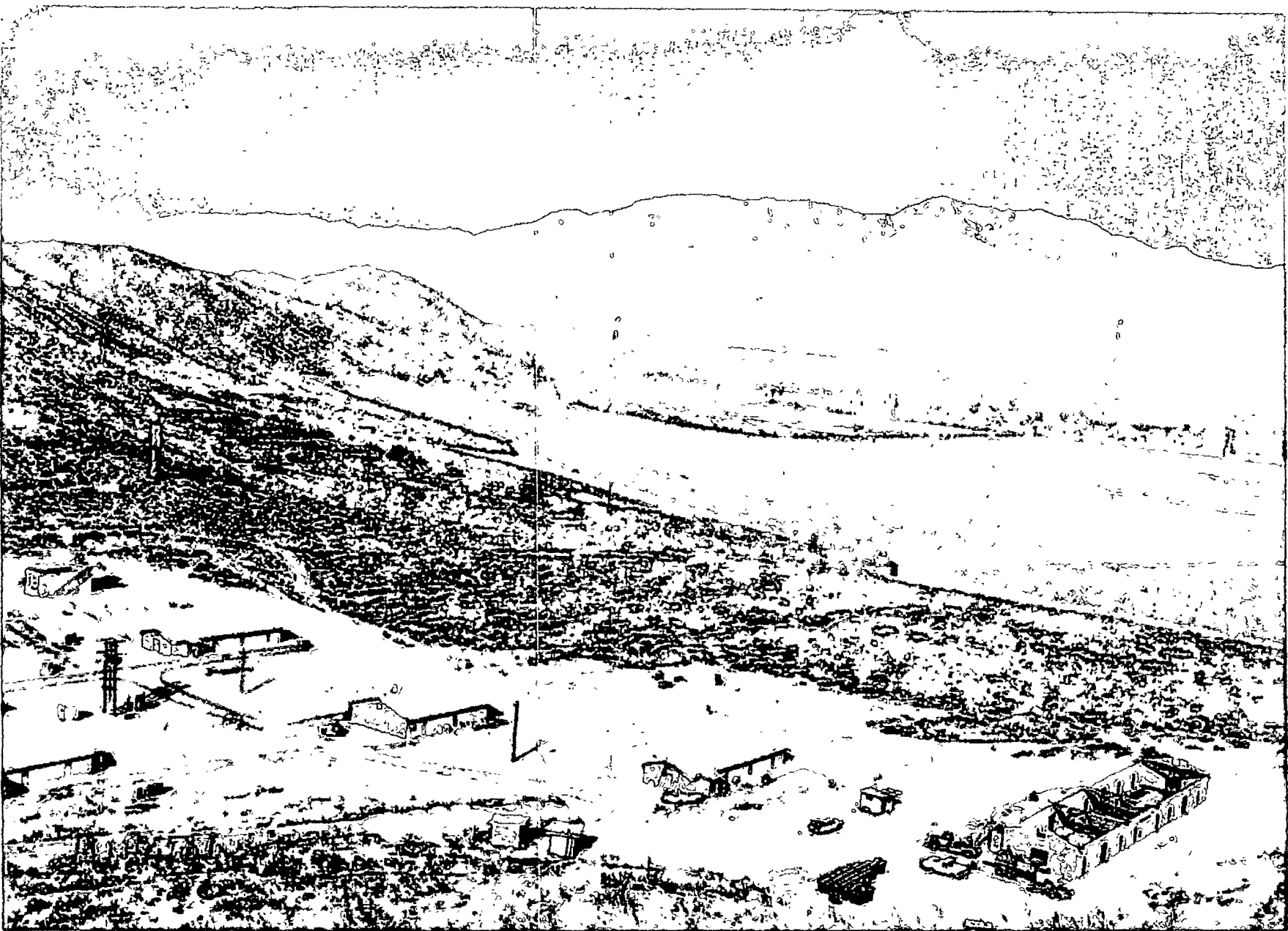
By Original Signed by E.M. Granwood
Title Vice President

AEROJET-GENERAL CORPORATION

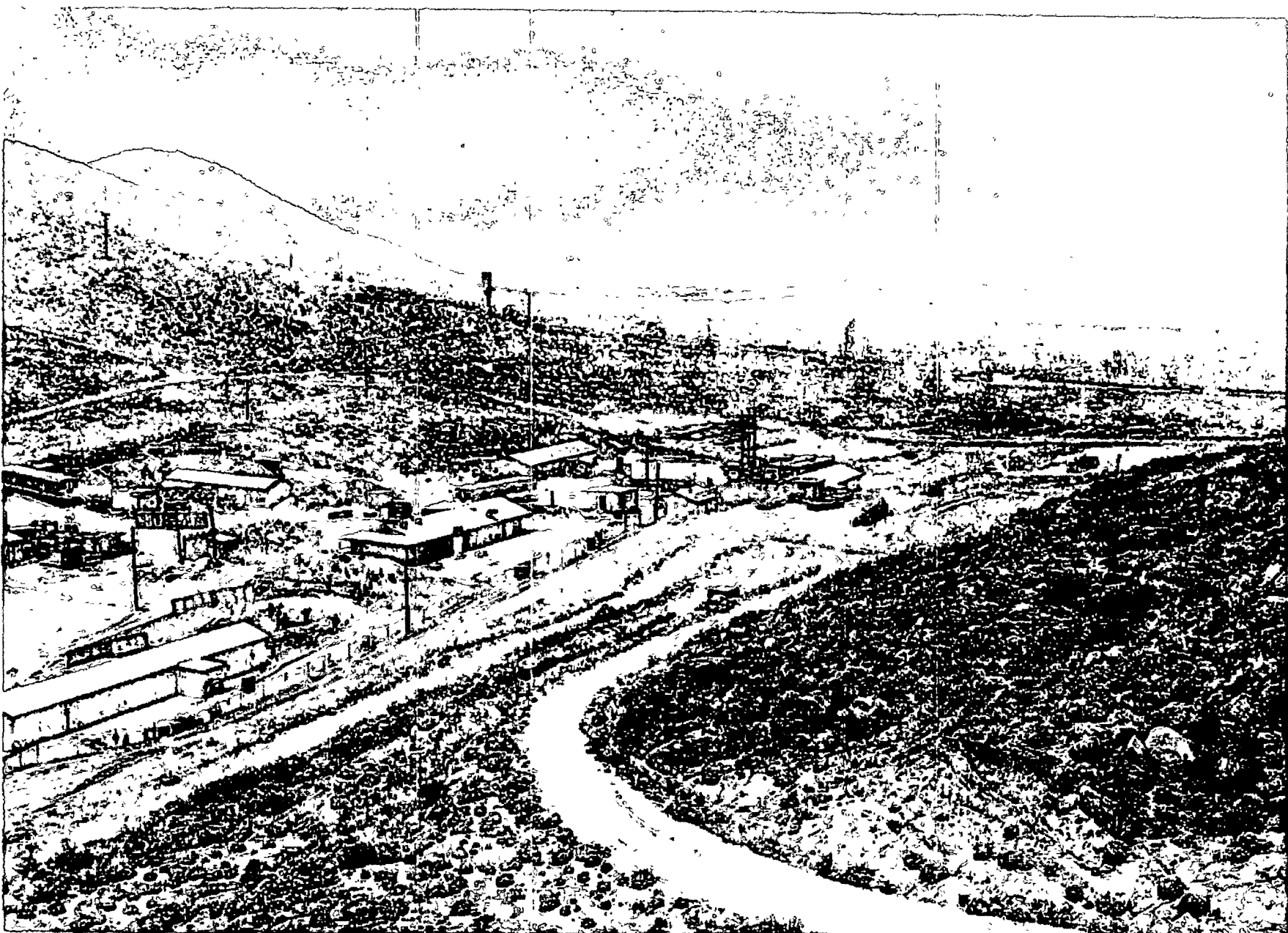
By Original Signed by R. H. Rude
Title Executive Vice President



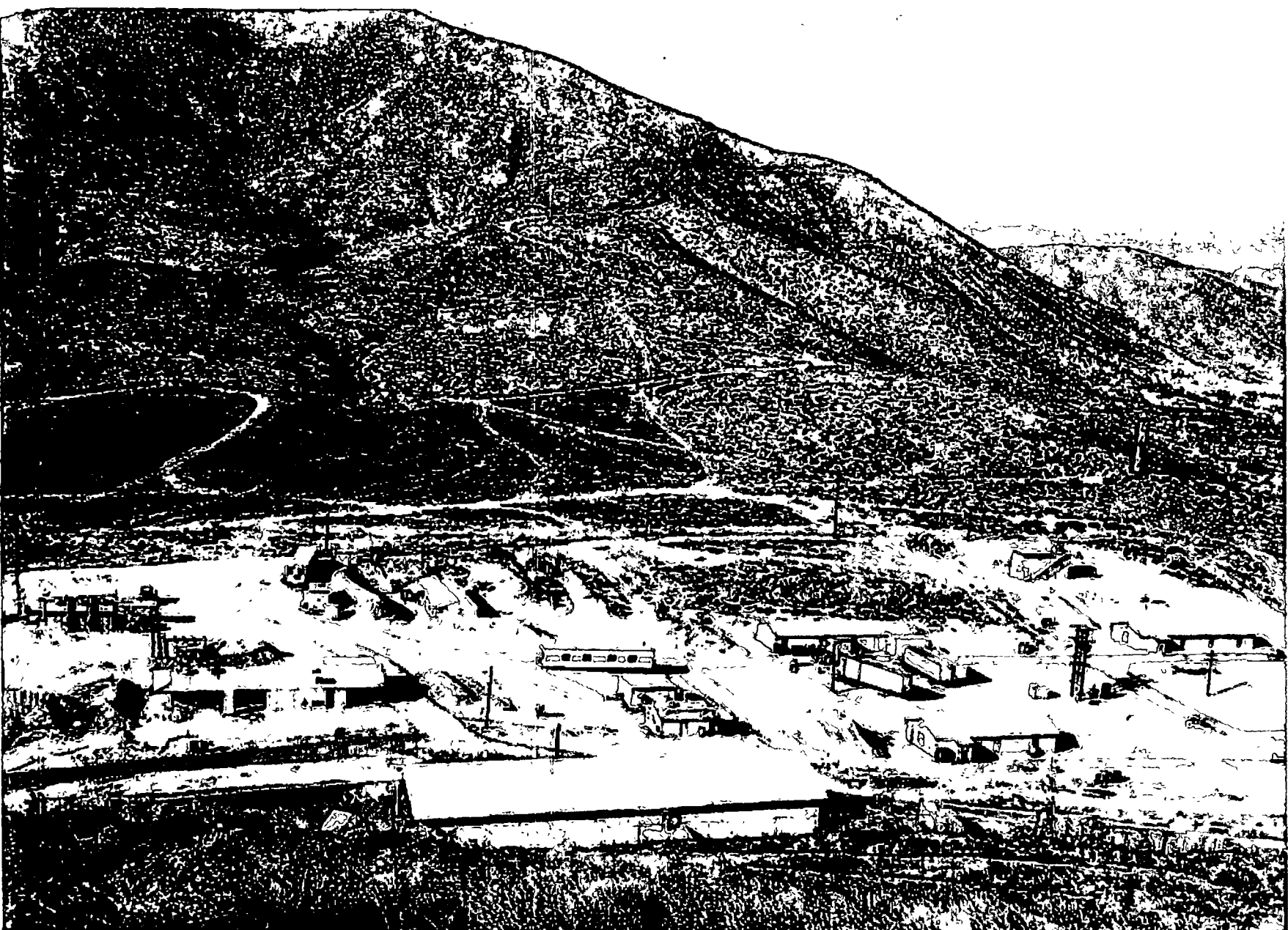
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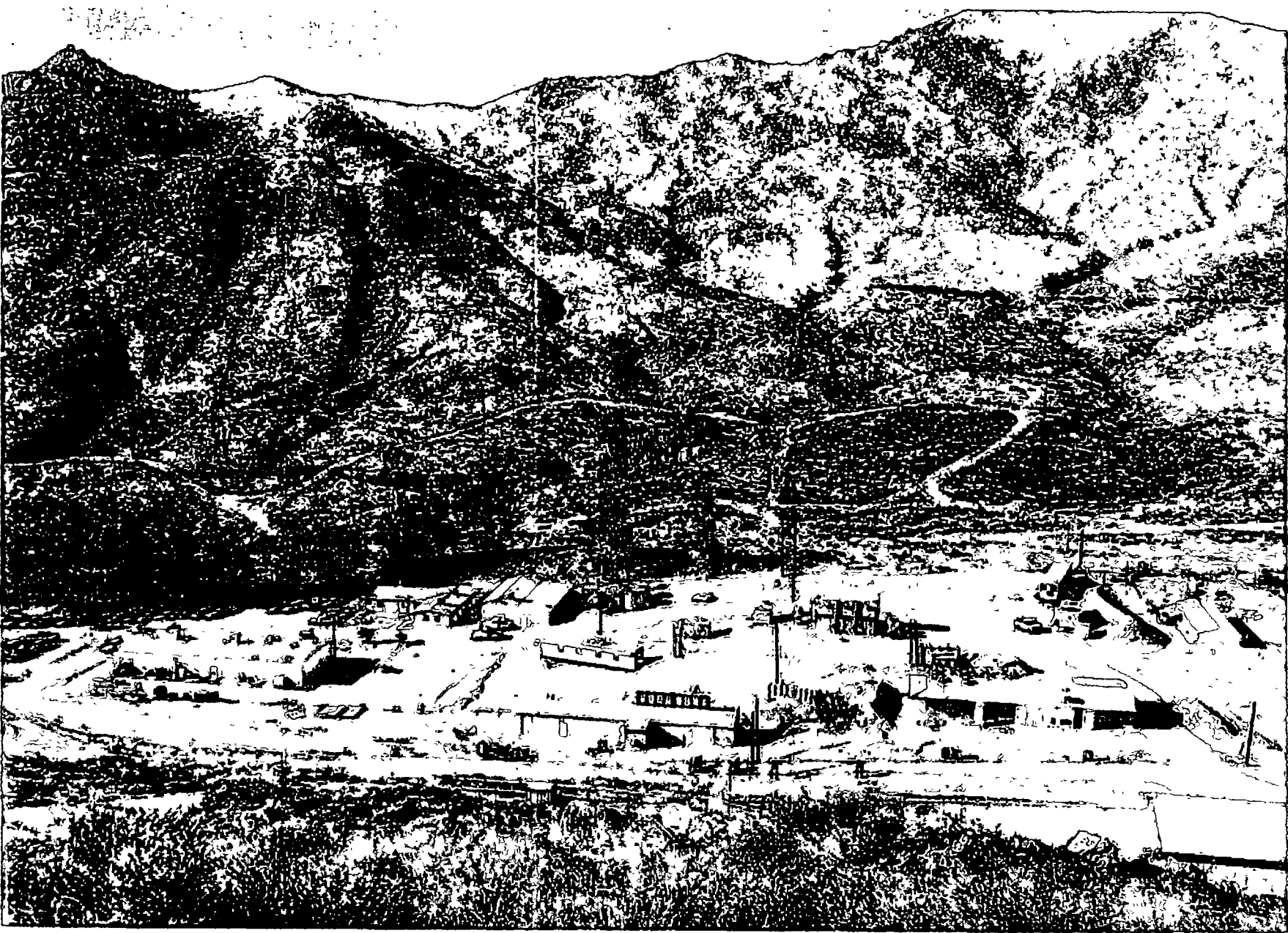
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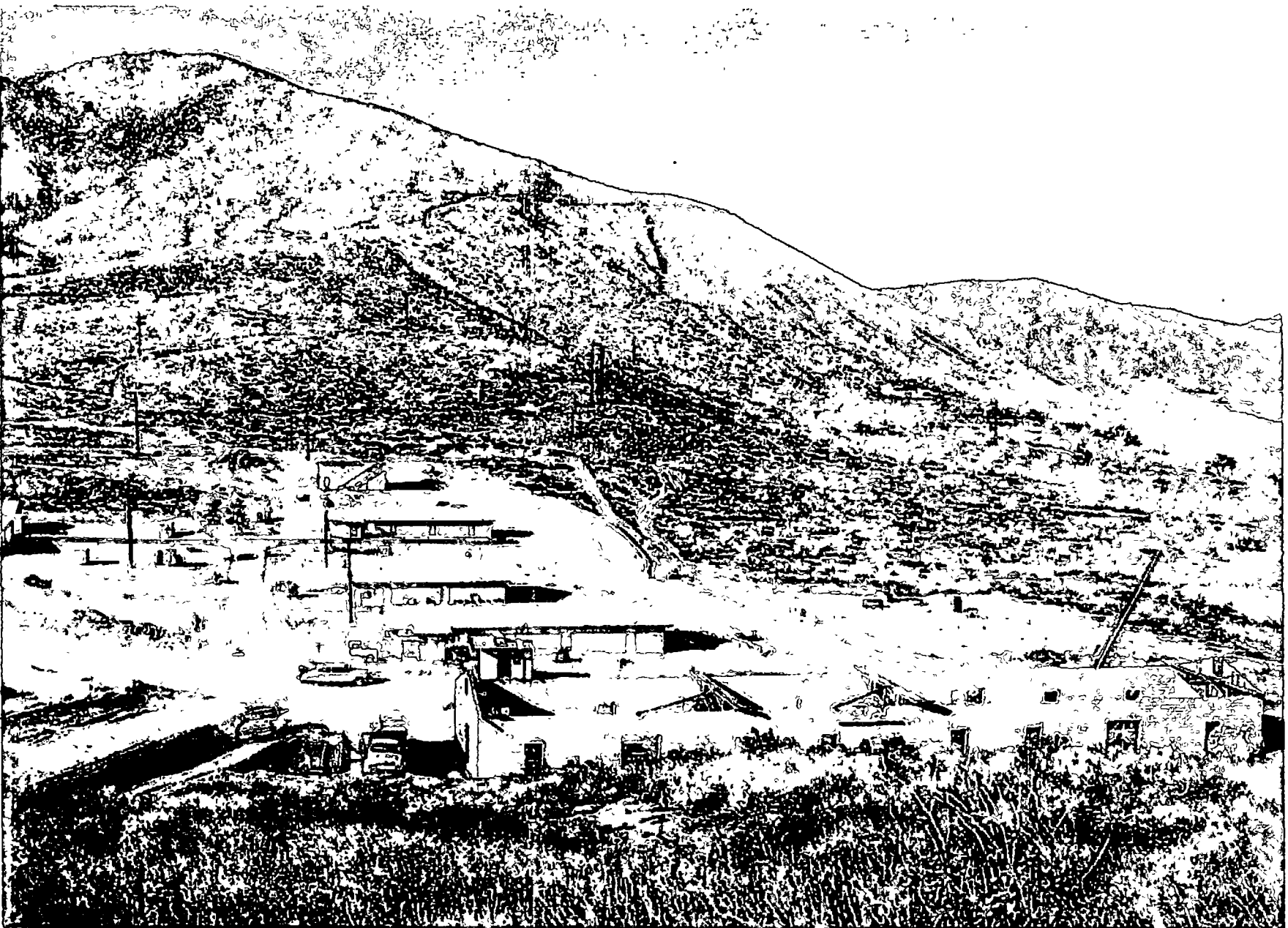
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LEASE

THIS LEASE made at Riverside, California, as of the 1st day of August, 1960, by and between STRINGFELLOW QUARRY CO., a partnership consisting of James E. Stringfellow, Jr., E. Moo McCook and Laurence E. Nutt, partners, having its principal place of business at 3940 Pyrite Street, Riverside, California, hereinafter referred to as "Lessor", and AEROJET-GENERAL CORPORATION, an Ohio corporation duly authorized to transact business within the State of California and having its principal place of business at 6352 North Irwindale Avenue, Azusa, California, hereinafter referred to as "Lessee".

WITNESSETH

1. DEMISED PREMISES: Lessor, for and in consideration of the rent hereinafter specified to be paid by Lessee, and the covenants and agreements hereinafter contained and to be kept and performed by Lessee, does hereby lease to Lessee, and Lessee does hereby rent from Lessor that certain real property situated in the County of Riverside, State of California, more particularly described as follows:

That certain real property being a part of fractional Section 1, Township 2 South, Range 6 West, San Bernardino Base and Meridian, situated in the County of Riverside, State of California, described as follows:

Parcel 1: Government Lots 3, 4, 8 and 9 and the South half of the Northwest quarter of said Section 1, containing 161.09 acres, more or less.

Parcel 2: That certain parcel of real property located in the Northeast quarter of said Section 1, more particularly described as follows:

The Westerly 800.00 feet of the Northeast quarter of Section 1, SAVING AND EXCEPTING the Southerly 552.09 feet of said Westerly 800.00 feet and Government Lot 7 lying adjacent to the Northerly boundary [21]

Acres
161.09
35.35
146.47
11.45
185.07

Appendix No. 1

Exhibit "A"

AGC 0000000031

of said Section 1 and within said Westerly 660.00 foot. Said Parcel 2 contains a net area of 35.38 acres, more or less.

EXCEPTING that portion of Government Lots 3 and 8 and the South half of the Northwest quarter of said Section 1, which is included in a strip of land 200.00 feet in width lying 100.00 feet measured at right angles on each side of the following described center line and extension thereof:

Beginning at a point in the North line of said Section 1, distant thereon 1059.13 feet Easterly from the Northwest corner of said Section 1; thence South 2° 47' 39" West, distant 457.31 feet to an angle point; thence South 1° 24' 37" West, a distance of 496.65 feet to an angle point; thence South 4° 32' 51" East, 1722.25 feet, more or less, to a point in the South line of said Northwest quarter of said Section 1, distant thereon 614.26 feet Westerly from the center of said Section 1, containing 11.45 acres, more or less.

ALSO EXCEPTING THEREFROM the gas, oil and coal rights in and to the property acquired by deed from San Pedro, Los Angeles and Salt Lake Railroad.

TOGETHER with a right-of-way for road purposes, meeting Riverside County specifications in width, along the line of the presently existing Aerojet-General Corporation roadway as shown on Exhibit "A" attached hereto.

The above demised premises contain a net area of 185.02 acres, more or less.

2. RENTAL, LEASE TERM AND OPTION TO RENEW: The initial

term of this lease shall be for a period of five (5) years, commencing on the 1st day of August, 1960, and ending on the 31st day of July, 1965, unless this lease shall sooner terminate as hereinafter provided. Lessee shall and hereby promises to pay as rent for the demised premises, semi-annually in advance commencing with the six months beginning the 1st day of August, 1960, and for each subsequent six months thereafter during the term of the within lease or any extension or renewal thereof, the sum of Two Thousand Five Hundred Dollars (\$2,500.00) on the first day of each such period of six months.

1 (a) It is hereby understood and agreed that Lessee shall have
2 and is hereby given the right to extend the term of the within lease, upon
3 like terms and conditions and at the same rental, for a first option period
4 of five (5) years, commencing on the 1st day of August, 1965, and continu-
5 ing until the 31st day of July, 1970; and is further given the right to extend
6 the said lease, upon like terms and conditions and at the same rental, for
7 a second option period of five (5) years, commencing on the 1st day of
8 August, 1970, and continuing until the 31st day of July, 1975; and is further
9 given the right to extend the said lease, upon like terms and conditions and
10 at the same rental, for a third option period of five (5) years, commencing
11 on the 1st day of August, 1975, and continuing until the 31st day of July,
12 1980. Said first option shall be exercised by Lessee by written notice di-
13 rected to Lessor, postage prepaid or delivered personally to Lessor, not
14 less than sixty (60) days prior to the expiration of the initial term of the
15 within lease, and successive options shall each be exercised by Lessee in
16 the same manner, that is to say, by written notice from Lessee directed
17 to Lessor, postage prepaid or delivered personally to Lessor, not less than
18 sixty (60) days prior to the expiration of such extended term.

19 3. OPTION TO PURCHASE: As further consideration for the exe-
20 cution of the within lease, Lessee shall have and is hereby given the right
21 and option to purchase the demised premises at any time prior to the 31st
22 day of July, 1980, at a price of Seven Hundred and Fifty Dollars (\$750.00)
23 per acre. Lessee's option to purchase the demised premises shall be
24 exercised by Lessee by giving to Lessor sixty (60) days prior written
25 notice, addressed to Lessor as provided in Article 14 hereof, whereupon a
26 sixty (60) day escrow shall be opened at the Title Insurance and Trust Com-
27 pany in Los Angeles, California, and before the closing date therefor,
28 Lessee shall be provided with a preliminary title report which, if the same

1 is satisfactory to Lessee, shall be initialed by Lessee's duly authorized
2 corporate officers in the event of their acceptance of any infirmity of title
3 found to exist upon the demised premises, whereupon Lessee shall deposit
4 in such escrow cash in the necessary amount to pay to Lessor the purchase
5 price of such land. The actual acreage shall be determined and agreed
6 upon by the parties hereto by means of a survey and the purchase price shall
7 be the number of acres determined, multiplied by the price of Seven Hundred
8 and Fifty Dollars (\$750.00) per acre. In the course of such escrow, the
9 customary Buyer and Seller, (Lessee and Lessor, respectively, herein),
10 expenses shall be apportioned between the parties hereto, it being expressly
11 understood, however, that the cost of such purchase of title insurance shall
12 be paid by the Seller, the Lessor herein. Lessee agrees that if it purchases
13 any of the foregoing described premises, it will purchase either all but not
14 less than 160.00 acres, which includes all of Lessor's property lying within
15 the Northwest quarter of Section 1, Township 2 South, Range 6 West, San
16 Bernardino Base and Meridian, situated in the County of Riverside, State of
17 California.

18 4. USE OF PREMISES: The demised premises may be used for
19 general manufacturing, including processing of explosives and storage
20 thereof, and the assembly of explosive-loaded metal parts, and for any
21 other purposes permitted by the applicable rules, regulations, ordinances,
22 laws and statutes of all governmental bodies or agencies having jurisdiction
23 therefor.

24 (a) The term of the within lease shall commence when it has
25 been determined that the zoning of the demised premises will not prevent
26 the use for the purposes deemed necessary by Lessee, or when there has
27 been a variance granted for use in accordance with the wishes of Lessee,
28 and when a permit has been issued by the cognizant authorities of the County

1 of Riverside, California, for the conduct of business by Lessee on the demised
2 premises. In the event that such zoning is not granted, the Lease dated Decem-
3 ber 1, 1957, by and between the Stringfellow Quarry, as Lessor, and Racem
4 Manufacturing Company, as Lessee, and thereafter assigned to the Lessee
5 herein, shall be and remain in full force and effect but shall be deemed can-
6 celled in the event that such zoning is granted by the cognizant authorities of
7 the County of Riverside with respect to the area described in Article 1 hereof.

8 (b) Lessee will not use or allow the demised premises to be used
9 for any illegal purposes or for quarrying purposes. Lessee will, at its sole cost,
10 comply with all the requirements of all Municipal, State and Federal laws, rules,
11 and regulations in force at any time during the term hereof, or any extension
12 or renewal thereof, pertaining to the condition and use of the demised premises.

13 (c) Lessee covenants and agrees that it has inspected the demised
14 premises, that it knows the condition thereof and accepts said premises as be-
15 ing satisfactory and that no representation as to the condition thereof, not here-
16 in specifically expressed, has been made by Lessor or their agents.

17 (d) Lessee acknowledges that it knows that Lessor is in the quarrying
18 business and sets off quarry blasts from time to time, however, Lessor agrees
19 that, during the term of the within lease and continuing throughout any extension
20 or renewal thereof, they will not lease or use any property owned by Lessor
21 in the vicinity of the leased premises for a purpose that would generate noises
22 likely to jeopardize the tenancy of Lessee on property leased to it hereunder.

23 5. TAXES: Lessee agrees to pay all taxes, assessments, rates and
24 charges (all of which are hereinafter referred to as "impositions"), including
25 but not limited to assessments for public improvements or benefits which are
26 assessed, levied, confirmed, imposed or become a lien upon the demised
27 premises or become payable during the term of the within lease and any exten-
28 sion or renewal thereof, provided, however, that any imposition relating to a

1 fiscal period of a taxing authority, a part of which period is included within the
2 term of this lease or any extension or renewal thereof and a part of which is
3 included in a period of time either before the commencement of this lease or
4 after the termination of this lease, shall be adjusted as between Lessor and
5 Lessee so that Lessor will pay back the portion of such imposition not included
6 within the term of this lease or any extension or renewal thereof.

7 6. INSURANCE: Lessor shall not be responsible or liable for any acts,
8 injury or damage to persons, things or property in or upon the demised premises
9 caused by the act or omission of Lessee, its agents, employees or servants and
10 Lessee agrees to indemnify Lessor and hold it harmless of and free from all
11 claims and demands for injuries to persons or property arising out of the use,
12 misuse, neglect or occupancy of said premises or its appurtenances by Lessee,
13 and Lessee shall, during the term of this lease and any extension or renewal
14 thereof, maintain liability insurance protecting Lessor against any such loss or
15 claims. Lessee shall provide, at its own cost and expense and at no cost or ex-
16 pense to Lessor, insurance in the minimum amounts of One Hundred Thousand
17 Dollars (\$100,000.00) for bodily damage or injury or death of one person, Two
18 Hundred and Fifty Thousand Dollars (\$250,000.00) for bodily injury, damage
19 or death to more than one person, and Fifty Thousand Dollars (\$50,000.00) for
20 damage to property. Lessee agrees that the above insurance amounts shown
21 are minimum amounts only and do not limit the liability of Lessee.

22 7. RELEASE AGREEMENT: Each of the parties hereto hereby releases
23 and waives its rights against the other with respect to all liability arising out
24 of the loss of or damage to improvements or buildings or the contents thereof
25 caused by the negligent act or failure to act of the other party to this lease,
26 of their respective officers, agents and/or employees, and each party hereby
27 waives all rights of subrogation of its insurance carriers in connection with
28 such loss or damage.

1 (a) This Article 7 may be cancelled at any time by either party
2 giving written notice to the other, stating when thereafter such cancella-
3 tion shall be effective, by mailing said notice by Registered Mail properly
4 addressed to such party as provided in Article 14 hereof. Mailing of such
5 notice as aforesaid shall be equivalent to delivery.

6 (b) If this Article 7 is cancelled as hereinabove provided, it
7 shall be null and void with respect to any loss or damage sustained or
8 occurring after the effective date and time of such cancellation.

9 3. IMPROVEMENTS: All improvements to the demised premises
10 shall be at Lessee's sole cost and expense. Title to any improvements, in
11 or on the demised premises existing upon expiration or sooner termination
12 of the term of this lease or any extension or renewal thereof, shall vest in
13 Lessor upon surrender of the demised premises, provided, however,
14 Lessee at its option may remove, prior to such surrender, any part of its
15 machinery, fixtures, tools or equipment but not any other improvements.

16 (c) Lessor agrees that Lessee may, at Lessee's sole cost and
17 expense, construct and maintain for the term of this lease, and any exten-
18 sion or renewal thereof, water wells in the Northwest quarter of Section 1,
19 together with pumps and water tanks and pipe lines from said water tanks
20 to the herein demised premises, together with other appropriate attach-
21 ments, all of which shall be situated on property now owned by Lessor.

22 (b) Lessee agrees to indemnify Lessor and save Lessor harm-
23 less from all liens and claims of lien and all other liability, claims and
24 demands arising out of any work done or material supplied to the demised
25 premises at the instance of Lessee, and from all actions, suits and costs
26 of suit instituted by any person to enforce any such lien or claim of lien,
27 liability, claim or demand, together with the costs of suit and reasonable
28 attorney's fees incurred by Lessor in connection therewith. Lessee shall

1 permit Lessor or its agent right of entry, subject to government security
2 regulations governing Lessee's tenancy of the property, to the premises at
3 reasonable times to post notices of non-responsibility for alterations, re-
4 pairs or construction by Lessee to or on said premises.

5 (c) Lessee shall not permit any waste or substantial change to
6 the contour or condition of the demised premises except changes required
7 to construct improvements reasonably related to the intended use of the
8 demised premises.

9 9. ASSIGNMENT AND SUBLETTING: Lessee may permit others
10 to use the demised premises or any part thereof or sublet to responsible
11 tenants when such use or subletting is reasonably incidental to the intended
12 use of the demised premises, provided, however, such use or subletting
13 shall not relieve Lessee of its liabilities or responsibilities to Lessor under
14 any provision hereof to be performed by Lessee.

15 10. PUBLIC UTILITY CHARGES: Lessee agrees to promptly pay
16 or cause to be paid all charges for disposal, water, steam, sewers, gas,
17 electricity, light, heat or power, telephone or other services used, render-
18 ed or supplied upon, to or in connection with the demised premises through-
19 out the term of the within lease and any extension or renewal thereof and
20 to indemnify Lessor and save it harmless against any liability or damages
21 on such account. Lessee shall also at its sole cost and expense procure
22 any and all necessary permits, licenses or other authorizations required
23 for the lawful and proper installation, use and maintenance upon the demised
24 premises of wires, pipes, conduits, tubes and other equipment and
25 appliances for use in supplying any such service to and upon the demised
26 premises.

27 11. CONDEMNATION: If, during the term of this lease or any ex-
28 tension or renewal thereof, the entire or a substantial part of the demised

1 premises shall be taken in any proceeding of eminent domain or condemna-
2 tion, this lease and all rights, title, interest, duties and obligations of
3 Lessee hereunder, except any liabilities, debts or claims theretofore in-
4 curred, matured, or outstanding as the case may be, shall cease and come
5 to an end on the effective date of the condemnation award in such proceed-
6 ing. Any such award shall be apportioned:

7 (i) To Lessor in an amount representing the pro-
8 portionate value of the land, not including the value of im-
9 provements.

10 (ii) To Lessee in an amount representing the pro-
11 portionate value of improvements.

12 (a) If, during the term of this lease or any extension or renew-
13 al thereof, a portion of the demised premises shall be taken in any pro-
14 ceeding of eminent domain or condemnation, there shall be a proportionate
15 abatement of the rental to be paid by Lessee hereunder.

16 12. RIGHT OF TERMINATION: Lessee shall have the right to ter-
17 minate this lease on or after the expiration of the first two (2) years of the
18 term hereof upon the giving of six (6) months' written notice to Lessor
19 corresponding to the rental period hereof and such termination shall be
20 effective upon the expiration of the first full six (6) months' rental period
21 following such notice.

22 13. MISCELLANEOUS COVENANTS: Wherever in this lease the
23 term "improvements" appears, except the words "public improvements",
24 it shall be construed to mean the entire structure or structures, or any
25 parts thereof on or in the demised premises, which are constructed at
26 Lessee's expense.

27 (a) It is further covenanted and agreed by and between the
28 parties hereto that the covenants and agreements herein contained shall

1 bind and insure to the benefit of Lessor, its successors and assigns, and
2 Lessee, its successors and assigns, provided any required consent to any
3 assignment hereof shall be had and obtained as hereinbefore set forth in
4 the provisions of Article 7 hereof.

5 14. SERVICE OF NOTICE: All notices, demands and requests
6 which may or are required to be given by either party to the other shall be
7 in writing. All notices, demands and requests by Lessor to Lessee shall
8 be sent by United States Registered Mail, postage prepaid, or by personal
9 delivery to Lessee, addressed to Aerojet-General Corporation, 6352 North
10 Irwindale Avenue, Azusa, California, or at such other place as Lessee
11 may from time to time designate in writing to Lessor. All notices de-
12 mands and requests by Lessee to Lessor shall be sent by United States
13 Registered Mail, postage prepaid, or by personal delivery to Lessor,
14 addressed to Stringfellow Quarry Co., Post Office Box 6, Riverside, Cali-
15 fornia, or at such other place as Lessor may from time to time designate
16 in writing to Lessee.

17 15. RECORDATION: The parties hereto further agree that al-
18 though the within lease is not executed in such manner as to make the
19 same eligible for recordation in the Office of the County Recorder of the
20 County of Riverside, State of California, in the event of the election of
21 either of the parties so to do, each shall cooperate in the preparation,
22 execution and recordation of a Memorandum of Lease, the cost attendant
23 thereupon to be borne by the party requesting the recordation of such Memo-
24 randum of Lease.

25 IN WITNESS WHEREOF, the parties hereto have executed this instru-
26 ment as of the day and year first above written and affixed the seal of the
27
28

1 corporate party, said corporate party acting through its officers thereunto
2 duly authorized.

3
4 **STRINGFELLOW QUARRY CO.**

5 By /s/ James B. Stringfellow, Jr.
6 James B. Stringfellow, Jr.

7 By /s/ E. Moe McCook
8 E. Moe McCook

9 By /s/ Lawrence E. Nutt
10 Lawrence E. Nutt

11 "Lessor"

12 **AEROJET-GENERAL CORPORATION**

13
14 (Soc)

15 By /s/ A. H. Rude
16 A. H. Rude, Executive Vice President

17 By /s/ T. E. Beahan
18 T. E. Beahan, Secretary

19 "Lessee"

A G R E E M E N T

THIS AGREEMENT is made on July 14, 1965, by and between AEROJET-GENERAL CORPORATION, an Ohio corporation (hereinafter referred to as "AEROJET"), and TELEDYNE, INC., a Delaware corporation (hereinafter referred to as "TELEDYNE").

W I T N E S S E T H:

WHEREAS, AEROJET has entered into a Lease, as amended, as of the 1st day of August, 1960, with its lessor Stringfellow Quarry Co., a partnership, covering, among other things, AEROJET's leasing of the real property described in such Lease; and

WHEREAS, AEROJET has entered into a License Agreement, as amended, as of the 9th day of August, 1960, with the Metropolitan Water District of Southern California, a public corporation of the State of California, covering, among other things, AEROJET's right to use and an obligation to maintain a roadway and three crossings for vehicular travel along and across Lonsor's land, as described in the License Agreement; such License Agreement to be co-existent with, and conditioned upon the Lease by and between AEROJET and Stringfellow Quarry Co. remaining in full force and effect; and

WHEREAS, AEROJET in the course of its use and occupancy of the premises covered by its Lease with Stringfellow Quarry Co., has constructed and maintained tenant improvements in the form of buildings, roads,

and parking areas, and has purchased for its operations at this location items of personal property; and

WHEREAS, AEROJET is desirous of assigning to TELEDYNE, and TELEDYNE is desirous of accepting an assignment of AEROJET's Lease with Stringfellow Quarry Co.; and AEROJET is desirous of selling and TELEDYNE is desirous of purchasing items of personal property identified below:

NOW, THEREFORE, the parties agree as follows:

1. Assignment of Lease and Sale of Property.

(a) AEROJET hereby agrees to sell, assign, transfer and convey to TELEDYNE on the Closing Date:

(1) the Lease by and between AEROJET and Stringfellow Quarry Co. contained in Appendix No. 1 (the "Lease"); and

(ii) to the extent of its interest therein, all of its right, title and interest in and to all of the tenant improvements in or on leased premises (hereinafter referred to as "Tenant Improvements"), including without limitation the following: Twenty-four (24) buildings of which seventeen (17) may be identified as assembly and test buildings with the balance identified as service buildings, together with existing paved roads, parking areas, fences and other appurtenances. It is understood and agreed that AEROJET's interest in the Tenant Improvements is defined in the Lease and, in this connection, Article 8, "Improvements" of the Lease provides, in part:

"All improvements to the demised premises shall be at Lessee's sole cost and expense. Title to any improvements, in or on the demised

premises existing upon expiration or sooner termination of the term of this Lease or any extension or renewal thereof, shall vest in Lessor upon surrender of the demised premises, provided, however, Lessee at its option may remove, prior to such surrender, any part of its machinery, fixtures, tools or equipment but not any other improvements."

(iii) all items of personal property set forth on Appendix No. 2 attached hereto and made a part hereof.

2. Consideration. In consideration of the assignment of the Lease and Tenant Improvements, and the sale of the above indicated personal property, TELEDYNE agrees to pay AEROJET the sum of \$180,000.00; \$18,000.00 to be paid by TELEDYNE on the Closing Date, as hereinafter defined, and the balance to be paid, pursuant to the terms of a Promissory Note, which is attached to this agreement as Appendix No. 3, and made a part hereof. Such payments are in addition to the financial obligations assumed by TELEDYNE under the Lease, and the parties agree that the amount of \$180,000.00 is to be paid AEROJET regardless of TELEDYNE's use and occupancy of the premises or Tenant Improvements.

3. License Agreement. AEROJET has entered into a License Agreement, as amended, as of the 9th day of August, 1960, with the Metropolitan Water District of Southern California, a public corporation of the State of California, a copy of which is attached hereto as Appendix No. 4 and made a part hereof. The parties hereto hereby agree to use their best efforts to obtain for TELEDYNE an easement, either directly or indirectly, from the Metropolitan Water District of Southern California in lieu of the existing License Agreement. Said easement

shall cover, among other things, TELETYPE's right (without payment of consideration) to use the roadway and one of the three crossings for vehicular traffic along and across the Metropolitan Water District of Southern California's property described in and covered by the License Agreement for the term of the Lease, including any extensions thereof, and for a perpetual term in the event that TELETYPE exercises the option to purchase the demised premises covered by the Lease. In the event that said easement is conveyed to Stringfellow Quarry Co., TELETYPE shall be granted by Stringfellow Quarry Co. the right to use the roadway and crossing for vehicular traffic for the term of the Lease, including any extensions thereof, and Stringfellow Quarry Co. shall agree to transfer to TELETYPE all of its right, title and interest in and to said easement upon the exercise of TELETYPE's option to purchase the demised premises covered by the Lease. TELETYPE shall not be obligated to pay any separate or additional consideration with respect to the use or conveyance of such easement under the Lease or pursuant to the exercise of the option contained therein or otherwise.

4. Representations and Warranties of AEROCYTE. AEROCYTE hereby represents and warrants the following (the truth and accuracy of which shall constitute a condition precedent to TELETYPE's obligation to close the transactions contemplated by this Agreement in accordance with Paragraph 7 hereof):

(a) It is now leasing from Stringfellow Quarry Co. (sometimes referred to as "LESSOR") under the Lease, the real property described therein.

(b) A true, accurate, correct and complete copy of the Lease, as amended, is attached to this Agreement as Appendix No. 1.

(c) There exists and has been no default in the performance or observance of any covenant, agreement, obligation, provision, or condition to be kept by AEROJET under the terms and provisions of said Lease.

(d) A true, accurate, correct and complete copy of the License Agreement, as amended, with the Metropolitan Water District of Southern California, is attached to this Agreement and is identified as Appendix No. 4. The warranty contained in this subparagraph (d) shall become operative only if TELEDYNE assumes the License Agreement between AEROJET and the Metropolitan Water District of Southern California.

(e) There is and has been no default in the performance or observance of any covenant, agreement, obligation, provision, or condition to be kept by AEROJET under the terms and provisions of said License Agreement. The warranty contained in this subparagraph (e) shall become operative only if TELEDYNE assumes the License Agreement between AEROJET and the Metropolitan Water District of Southern California.

(f) The communication systems, water systems, compressed air systems, butane gas systems, electrical systems, fire protection systems, air conditioner systems where installed and humidity control systems where installed in or on the demised premises covered by the Lease are and will on July 15, 1965 be in operable condition and repair, subject only to ordinary wear and tear.

(g) The Myster presses and pumps, X-ray equipment and film development and read-out equipment, all of which have been reinstalled in Buildings 004 and 507

on the demised premises covered by the Lease are and will on July 15, 1965 be in operable condition and repair, subject only to ordinary wear and tear.

(h) All assets agreed to be transferred hereunder, including without limitation the personal property set forth in Appendix No. 2 attached hereto, the interest of AERJET in the Tenant Improvements, the interest of AERJET in the Lease, the interest of AERJET in the License Agreement with Metropolitan Water District of Southern California are free and clear of all liens, encumbrances, charges, conditions and any adverse claims whatsoever.

(i) Except as specifically provided for in subparagraphs (f) and (g) of this Paragraph 4, the representations and warranties of AERJET shall be true on and as of the Closing Date as though such representations and warranties were made on and as of such time.

5. Disclaimer of Additional Warranties by AERJET.

Except as expressly set forth herein, AERJET has not made any promises, representations or warranties as to the condition or state of repair of the demised premises covered by the Lease or the Tenant Improvements, and TELETYPE agrees, subject to AERJET's express warranties and representations contained herein, to accept such premises in their present condition, "as is, where is."

6. Obligations and Covenants of AERJET. AERJET hereby covenants and agrees as follows (the fulfillment of such covenants and agreements hereby constituting conditions precedent to TELETYPE's obligations to close the transactions contemplated by this Agreement in accordance with Paragraph 7 hereof.)

(a) Prior to the Closing Date, AEROFET shall obtain the consent of Lessor to the assignment of all of AEROFET's right, title and interest in and to the Lease, as herein provided, which consent shall permit the assignment to a wholly owned subsidiary of TELETYPE in accordance with Paragraph 7 hereof.

(b) Until July 15, 1965, AEROFET shall maintain and service the personal property described in Appendix No. 2 attached hereto and the Tenant Improvements and continue to employ guards on the devised premises covered by the Lease.

(c) AEROFET will cause to be completed, at its sole cost and expense, to the satisfaction of the Metropolitan Water District of Southern California, a drainage ditch which it has heretofore partially constructed along or upon the land belonging to the Metropolitan Water District of Southern California and covered by the License Agreement with said public corporation.

Closing. The Closing shall occur on a date five (5) days after the date the parties shall have received from the Metropolitan Water District of Southern California and/or Springfellow Quarry Co., as the case may be, written assurance that TELETYPE will receive an easement as described in Paragraph 3 hereof. Said date is referred to herein as the "Closing Date". The Closing shall take place at 10:00 A.M. at the offices of Irell & Manella, 9171 Wilshire Boulevard, Beverly Hills, California, or at such other location as mutually agreed to by the parties hereto.

(a) At the Closing, AEROFET will deliver to TELETYPE, or at the direction of TELETYPE, to a wholly

owned subsidiary of TELEDYNE, the following:

(1) an executed Assignment of Lease and Lessor's consent substantially in the form attached hereto as Appendix No. 5;

(ii) an executed Bill of Sale substantially in the form attached hereto as Appendix No. 6;

(iii) such other documents as are necessary to obtain for TELEDYNE (or its wholly owned subsidiary), all of AEROJET's right, title and interest in and to the License Agreement between Metropolitan Water District of Southern California and AEROJET until such time as said License is replaced by the easement described in Paragraph 3 hereof; and

(iv) such other documents as are necessary and which must be executed by AEROJET in order for TELEDYNE to obtain the easement described in Paragraph 3 hereof.

(b) At the Closing, TELEDYNE will deliver to AEROJET the following:

(1) a certified or bank cashier's check or checks in the amount of \$18,000.00 and the Promissory Note in the amount of \$162,000.00, described in Paragraph 2 hereof; and

(ii) an acceptance of Assignment of Lease executed by it or, in the event that the Assignment is to a wholly owned subsidiary of TELEDYNE, by such wholly owned subsidiary substantially in the form attached hereto as Appendix No. 7.

(c) All taxes, assessments, rates and charges, including the cost of utility services, imposed upon the demised premises covered by the Lease, and the rental payments required thereby shall be prorated as of July 15,

1965, and TELEDYNE shall pay to AEROJET that portion of such taxes, assessments, rates, charges and rental payments attributable to any period after July 15, 1965 which have been previously paid by AEROJET, and AEROJET shall pay to TELEDYNE that portion of such taxes, assessments, rates, charges and rental payments attributable to any period before July 15, 1965 which are paid by TELEDYNE. From July 15, 1965 to the Closing Date or termination of this Agreement, TELEDYNE shall maintain and service the personal property described in Appendix No. 2 attached hereto and the Tenant Improvements and employ guards on the demised premises. During the period commencing July 15, 1965 and ending on the Closing Date, TELEDYNE shall not incur any liens or encumbrances with respect to the Tenant Improvements or such personal property.

(d) In the event that TELEDYNE shall direct that the Assignment of Lease and the Tenant Improvements and the sale of the personal property be made to a wholly owned subsidiary of TELEDYNE, such assignment and sale shall not relieve TELEDYNE from any liability under the Lease, this Agreement, or the Promissory Note described in Paragraph 2 hereof.

8. Termination. Subject to the provisions of Paragraph 7 above, relating to the determination of the Closing Date, TELEDYNE may forthwith terminate this Agreement without liability to AEROJET, except as provided in this Paragraph 8:

(a) If TELEDYNE has not received by August 17, 1965 or such other date as the parties hereto may mutually agree upon, all adequate and necessary written

assurance from Metropolitan Water District of Southern California and/or Stringfellow Quarry Co., as the case may be, that TELEDYNE will receive an easement as described in Paragraph 3 hereof. TELEDYNE agrees to use its best efforts to diligently obtain such written assurance.

(b) If by the Closing Date AEROJET has not received consent to the Assignment of the Lease.

(c) In the event that any preliminary title report with respect to the title of the demised premises covered by the Lease shows any liens, encumbrances, charges or other adverse claims which materially adversely affect the premises covered by the Lease.

In the event that TELEDYNE shall elect to terminate this Agreement in accordance with this Paragraph 8, it shall have no further liability for taxes, assessments, rates, charges and rental payments with respect to the demised premises covered by the Lease from the date on which written notice of election to terminate is given to AEROJET by TELEDYNE. The exercise by TELEDYNE of its right to terminate shall not relieve TELEDYNE from any liability for such taxes, assessments, rates, charges or rental payments attributable to the period commencing on July 15, 1965 and ending on the date on which TELEDYNE shall give AEROJET written notice of its election to terminate.

9. Covenants of TELEDYNE. TELEDYNE covenants and agrees from and after the Closing Date as long as there remains any unpaid amount on the Promissory Note set forth as Appendix No. 3, or AEROJET has any obligation or continuing liability under the Lease:

(a) To indemnify and hold AEROJET harmless

from any responsibilities, claims, liens, loss or liability which TELEDYNE (or a wholly owned subsidiary of TELEDYNE) may incur by virtue of TELEDYNE'S (or its wholly owned subsidiary's) use and occupancy of the demised premises or use and occupancy of the Tenant Improvements covered by the above-mentioned Lease or License Agreement, or the personal property agreed to be transferred hereunder.

(b) To provide AEROJET with certificates of liability insurance evidencing that it keeps and maintains the insurance required under Article 6 of the Lease, and certificates of property insurance evidencing that it keeps and maintains property insurance with respect to the Tenant Improvements in a minimum amount of \$513,000.00 and covering the perils of fire and lightning, extended coverages and vandalism and malicious mischief. Such certificates shall evidence that all of the aforementioned insurance provides thirty (30) days' notice of cancellation to AEROJET and AEROJET is named as an additional insured.

(c) Not to make any material alterations of any kind with respect to the Tenant Improvements which would reduce the value of such improvements without AEROJET's prior written consent.

(d) It shall keep the premises covered by the Lease and Tenant Improvements in good operating condition and repair (including the rebuilding or replacing of any of the existing Tenant Improvements which are damaged or destroyed) and shall permit AEROJET or its agent right of entry to the premises, subject to government security regulations governing TELEDYNE's tenancy of the property, at reasonable times, for the purpose of examining or inspecting the premises covered by the Lease and the Tenant Improvements.

LAW OFFICES
IRELL & MANELLA
6171 WILSHIRE BLVD.
BEVERLY HILLS, CALIF.

(e) It will not assign or sublet the Lease without first obtaining AEROJET's consent in writing, which consent will not be unreasonably withheld; provided, however, that TELEDYNE shall have the right without obtaining AEROJET's consent to assign the Lease to any subsidiary of TELEDYNE or any affiliated corporation; provided, further, that TELEDYNE may permit others to use the demised premises or any part thereof or sublet to responsible tenants when such use or subletting is reasonably incidental to the intended use of the demised premises and in the normal course of TELEDYNE's business. Such use or subletting shall not relieve TELEDYNE of its liabilities or responsibilities to AEROJET under this Agreement.

10. Assignment. This Agreement (excluding the Preliminary Note described in Paragraph 2 hereof) shall not be assignable by either party without the consent of the other, and nothing contained in this Agreement, express or implied, is intended to confer upon any person or entity, other than the parties hereto, and their successors in interest and permitted assignees, any rights or remedies under or by reason of this Agreement unless so stated to the contrary.

11. Possession of Properties. Possession of the property transferred hereunder shall be given to TELEDYNE (or its wholly owned subsidiary) on the Closing Date and TELEDYNE (or its wholly owned subsidiary) shall not acquire any title to or property in such property until possession has been given to it in accordance with this paragraph, and the risk of loss or damage to the assets to be conveyed hereunder by fire, vandalism or otherwise from the date of this Agreement until the Closing Date is assumed by

AEROJET. If as of the Closing Date the property to be sold or transferred hereunder shall have been damaged or destroyed by causes beyond the reasonable control of TELEDYNE and to an extent which substantially affects the value of such property, TELEDYNE shall have the right, at its election, to complete this Agreement or, if it does not so elect, it shall have the right to terminate this Agreement. In the latter event, all parties hereto shall be released from liability hereunder.

12. Nature and Survival of Representations. Neither the closing of the transactions contemplated by this Agreement on the Closing Date, nor any investigation made by or on behalf of TELEDYNE or AEROJET, shall act as a waiver of any claims, rights or demands which either may have against the other because of such other party's representations, warranties and agreements contained herein.

13. Default. If at any time after the Closing Date any amount remains unpaid on the Note described in subparagraph 2(a) hereof or AEROJET has any obligation or continuing liability under the Lease, any one or more of the following events shall occur:

(a) TELEDYNE shall default in the payment of any sum due or owing to AEROJET or to Stringfellow Quarry Co., and shall fail to rectify said default within ten (10) days after being served with written notice by AEROJET or Lessor;

(b) TELEDYNE shall make an assignment for the benefit of creditors;

(c) TELEDYNE shall file a petition or answer seeking reorganization or arrangement under any of the laws of the United States relating to bankruptcy;

(d) An attachment or execution shall be levied upon TELEDYNE's property or interest agreed to be

transferred under this Agreement and shall not be satisfied or released within thirty (30) days thereafter;

(e) An involuntary petition in bankruptcy shall be filed against TELEDYNE, or a receiver or trustee for all or any part of the property of TELEDYNE shall be appointed by any court or;

(f) Default shall be made in the performance or observance of any other covenant, agreement, obligation, provision, or condition thereby performed or kept by TELEDYNE under the terms and provisions of the Lease (Appendix No. 1) and such default shall continue after written notice thereof, given by either Lessor or AEROJET.

Then in any or either of such events, AEROJET may at its option cancel the rights and privileges incurring to TELEDYNE under the Lease, License Agreement or any other agreements with respect to access to the demised property, by serving written notice thereof on TELEDYNE and with or without process of law re-enter and take complete possession of the indicated premises and Tenant Improvements; and with or without process of law remove all persons therefrom and all right, title and interest of TELEDYNE in and to the premises and Tenant Improvements shall immediately cease and terminate. TELEDYNE hereby covenants in such event to peaceably and quietly yield up and surrender the premises to AEROJET within ten (10) days after service of such notice; and to execute and deliver to AEROJET such instrument or instruments as will properly evidence termination of its rights under this Agreement as shall be required by AEROJET. Any holding over by TELEDYNE after the time within which it is required to surrender the premises shall be deemed to be a tenancy from day-to-day and TELEDYNE shall pay to AEROJET

the sum of \$50.00 per day as rent until such surrender shall be fully accomplished.

14. Notices. Whenever, under this Agreement it shall be required that notice or demand shall be given or served by either party to this Agreement, such notice or demand shall be in writing and shall be delivered personally or by certified mail, postage prepaid, self-addressed, as follows:

TO AEROJET: Aerojet-General Corporation
9100 East Flair Drive
El Monte, California
Attention: T. E. Beehan,
Corporate Secretary

TO TELEDYNE: Teledyne, Inc.
12525 South Daphne Avenue
Hawthorne, California
Attention: Frank LaHays,
Vice President

or elsewhere as the respective parties may from time to time designate in writing.

15. Recordation. Although this Agreement is not executed in a manner to be eligible for recordation in the Office of the County Recorder, County of Riverside, State of California, should either party elect to do so, each shall cooperate in the preparation, execution and recordation of a memorandum. The party requesting such memorandum bearing the cost of recordation.

16. Remedies. The various rights and remedies given to or reserved to AEROJET by this Agreement, or allowed by law shall be cumulative, and no delay or omission of AEROJET to exercise any of its rights shall be construed as a waiver of any default or acquiescence therein. Nor shall any waiver by AEROJET or TELEDYNE of any breach by either party of any provision of this Agreement be deemed for any purpose to be a waiver of any breach of any other provision hereof, nor of any

LAW OFFICES
IRELL & MANELLA
8171 WILSHIRE BLVD.
BEVERLY HILLS, CALIF.

continuing or subsequent breach of the same provision.

17. Entire Agreement. This instrument contains the entire and only agreement between the parties, there being merged herein all prior and collateral representations, promise, or condition not incorporated herein shall not be binding on either party.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date written above.

AEROJET-GENERAL CORPORATION

By S/ R. I. McKenzie

By S/ T. E. Beehan

TELEDYNE, INC.

By S/ Harry E. Singleton, Pres

By S/ Edward M. Kaufman, Asst. Sec.

cc: A. A. Miller
Jean E. Hower
Lease File

17 May 1965

Stringfellow Quarry Company
P. O. Box 6
Riverside, California

Attention: Mr. L. E. Nutt

Gentlemen:

In accordance with the prior conversations between you and our Mr. Hogan, Aerojet is desirous of extending, for a six (6) month period to January 31, 1966, the initial term of the Lease (dated August 1, 1960) between our companies and covering the approximately 185 acres of property known generally as Aerojet's Riverside facility.

If this arrangement is agreeable to you, and you would so indicate by signing and returning a copy of this letter, we would then mutually understand that the subject Lease would continue in full force and effect until January 31, 1966, such latter date replacing the otherwise terminal date (of July 31, 1965) of the initial term, as identified in Section 2 of said Lease. All terms, conditions, and options of the Lease would continue as presently set forth and appropriate notice as to any further extension of the subject Lease (for the available option period) would be made not less than sixty (60) days prior to the now extended terminal date, or by December 1, 1965.

We appreciate your cooperation in this matter of our mutual concern.

Very truly yours,

AEROCJET-GENERAL CORPORATION

DSP:ab
cc: C. M. Hogan

D. S. Perley
Comptroller - Downey Plant

*accepted by Stringfellow Quarry Co.
May 18, 1965 by L. E. Nutt*

AGC 0000000058

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2
3 ASSIGNMENT OF LEASE

4 AEROJET-GENERAL CORPORATION, an Ohio corporation,
5 hereby sells, assigns and transfers to _____
6 a wholly owned subsidiary of Teledyne, Inc. (or Teledyne, Inc.), all of
7 Aerojet-General Corporation's right, title and interest as Lessee, in and to
8 that certain Lease by and between Aerojet-General Corporation and String-
9 fellow Quarry Co., dated August 1, 1960, including without limitation the
10 option to purchase contained therein and its interest in all of the tenant
11 improvements in or on the demised premises covered thereby; said Lease
12 covering and affecting certain real property situated in the County of
13 Riverside, State of California and more particularly described as follows:

14 That certain real property being a part of fractional
15 Section 1, Township 2 South, Range 6 West, San
16 Bernardino Base and Meridian, situated in the County
17 of Riverside, State of California, described as follows:

18 Parcel 1: Government Lots 3, 4, 8 and 9 and the
19 South half of the Northwest quarter of said Section
20 1, containing 161.09 acres, more or less.

21 Parcel 2: That certain parcel of real property
22 located in the Northwest quarter of said Section 1,
23 more particularly described as follows:

24 The Westerly 800.00 feet of the Northeast quarter
25 of Section 1, SAVING AND EXCEPTING the
26 Southerly 568.09 feet of said Westerly 800.00 feet
27 and Government Lot 7 lying adjacent to the Northerly
28 boundary of said Section 1 and within said Westerly
29 800.00 feet. Said Parcel 2 contains a net area of
30 35.38 acres, more or less.

31 EXCEPTING that portion of Government Lots 3 and
32 8 and the South half of the Northwest quarter of said
Section 1, which is included in a strip of land 200.00
feet in width lying 100.00 feet measured at right
angles on each side of the following described center
line and extension thereof:

Beginning at a point in the North line of said Section 1,
distant thereon 1059.18 feet Easterly from the North-
west corner of said Section 1; thence South 8° 47' 39"

Exhibit "B"

1 West, distant 457.81 feet to an angle point; thence
2 South 1° 24' 37" West, a distance of 496.65 feet
3 to an angle point; thence South 4° 32' 51" East,
4 1722.25 feet, more or less, to a point in the South
5 line of said Northwest quarter of said Section 1,
6 distant thereon 614.86 feet Westerly from the
7 center of said Section 1, containing 11.45 acres,
8 more or less.

9 ALSO EXCEPTING THEREFROM the gas, oil and
10 coal rights in and to the property acquired by deed
11 from San Pedro, Los Angeles and Salt Lake
12 Railroad.

13 TOGETHER with a right-of-way for road purposes,
14 meeting Riverside County specifications in width,
15 along the line of the presently existing Aerojet-
16 General Corporation roadway as shown on Exhibit
17 "A" attached to the Lease.

18 The above demised premises contain a net area of
19 185.02 acres, more or less.

20 CONSENT TO ASSIGNMENT OF LEASE

21 Stringfellow Quarry Co. ("Stringfellow"), Lessor in that
22 certain Lease dated August 1, 1960 wherein Aerojet-General Corporation
23 ("Aerojet"), an Ohio corporation, is named as Lessee (the "Lease"), does
24 hereby give written consent to the assignment of all of Aerojet's right, title
25 and interest in and to (a) the Lease, including without limitation the option
26 to purchase the demised premises covered by the Lease, and (b) all of the
27 tenant improvements in or on the demised premises covered by the Lease
28 to Teledyne, Inc. ("Teledyne"), a Delaware corporation, or any wholly
29 owned subsidiary thereof.

30 This consent is granted subject to the following conditions:

- 31 1. That Teledyne agree to assume and perform each and
32 all of the obligations on the part of Lessee, to be kept and performed, at
the times, in the manner and as required by the provisions of the Lease;

1 2. That in the event that the Assignment of said Lease is
2 to a wholly owned subsidiary of Teledyne, such subsidiary, in addition to
3 Teledyne, agree to perform each and all of the obligations on the part of
4 Lessee, to be kept and performed, at the times, in the manner, and as
5 required by the provisions of the Lease; and
6

7 3. That no further Assignment of the Lease or any part
8 thereof be made except any subsequent reassignments by and among Teledyne
9 and any of its wholly owned subsidiaries, with respect to which no further
10 consent is required, or except as provided in the Lease.

11 Stringfellow acknowledges that:

12 (a) A true, accurate and correct and complete copy of
13 the Lease, as amended, is contained in Appendix No. 1 of that certain
14 Agreement by and between Teledyne and Aerojet (the "Agreement");
15

16 (b) There is and has been no default in the performance
17 or observance of any covenant, agreement, obligation, provision or condi-
18 tion to be kept by Aerojet under the terms and provisions of the Lease;
19

20 (c) The option contained in the Lease to extend the term
21 thereof until July 31, 1970 can be exercised by the Lessee at any time prior
22 to January 31, 1966;

23 (d) The option to purchase contained in the Lease covers
24 the demised premises described therein, including without limitation the
25 right-of-way for road purposes; and
26

27 (e) Upon Teledyne's exercise of the second option to renew
28 contained in Article 2, "Rental, Lease Term and Option to Renew" of the
29 Lease, Stringfellow shall, if requested by Aerojet, consider releasing and
30 discharging Aerojet from those obligations under the Lease, subject to
31 Aerojet's rights to take over the premises and tenant improvements as con-
32

1 tained in Paragraph 13 of the Agreement.

2 DATED: August 13, 1965.

3
4 STRINGFELLOW QUARRY CO.
A Limited Partnership

5
6 By X E Nutt
General Partner

7
8 By [Signature]

9
10 By _____

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